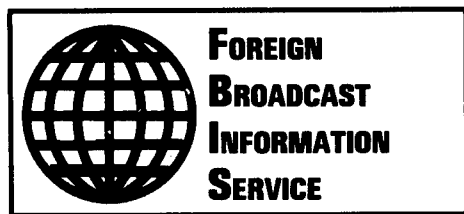


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Yordanov Speaks at SDS National Conference

AU1604194592 Sofia DEMOKRATSIYA in Bulgarian
13 Apr 92 p 3

["Text" of statement by Aleksandur Yordanov, chairman of the parliamentary faction of the Union of Democratic Forces, on 12 April in Sofia at the Fourth National Conference of the Union of Democratic Forces: "For New Moral and Morality"]

[Excerpts] The parliamentary faction of the Union of Democratic Forces [SDS] works at the National Assembly with enviable maturity and professionalism. [passage omitted]

The legislative activity is the most important aspect of the SDS parliamentary faction's work. Some 32 bills were adopted during the five months of this National Assembly's existence. Almost all bills with fateful importance for the success of democracy in Bulgaria have been prepared by the SDS parliamentary faction. [passage omitted]

The SDS parliamentary faction highly values the dignified and democratic behavior of the parliamentary faction of the Movement for Rights and Freedoms [DPS]. The parliamentary majority, created thanks to the DPS position, is a political reality, which, as an example of real parliamentarism and democracy, received high assessment on the part of the Council of Europe and the Parliamentary Assembly of the Council of Europe. Against the background of the destructive and obstructive activity of the parliamentary faction of the Bulgarian Socialist Party [BSP], the democratic dialogue and mutual respect between the SDS and DPS parliamentary factions is at present the only parliamentary possibility of effecting the historical change in our country. The SDS parliamentary faction respects the DPS position even when it does not coincide with our position because democracy does not necessarily mean a total coincidence of the views on every issue.

At present, there cannot and should not be any political contacts between the SDS and the BSP. BSP policy currently aims at three main factors:

1. Striving to create destabilization, chaos, and tension in the country.
2. Provoking a situation conducive to holding out-of-turn parliamentary elections and toppling the government.
3. Totally sabotaging the economic reform.

This policy is doomed. [passage omitted]

Trenchev Speaks at SDS National Conference

AU1604185792 Sofia PODKREPA in Bulgarian
13 Apr 92 pp 1-2

["Text" of statement by Dr. Konstantin Trenchev, president of the Podkrepa Labor Confederation, on 12 April

in Sofia at the Fourth National Conference of the Union of Democratic Forces: "Union of Democratic Forces Is Podkrepa, Podkrepa Is Union of Democratic Forces"]

[Text] We are concerned with the tendencies that develop in our society and certain tendencies within the Union of Democratic Forces [SDS] and have the moral commitment to share this concern not only with you, as some of the SDS creators, but also with representatives of the huge electorate of this coalition that is currently ruling.

We know that communism left us an exceptionally grave heritage. It is we ourselves who must overcome this heritage. Decisions alone will not help us overcome it. We must really decommunize the country and do this not only in words alone. The guilty ones must be punished according to the laws. The Communists must be removed from the levers of power, and this must be done by a law. This decommunization must be effected through a law. It must affect all social spheres rather than be a patch up job. It must affect the administration, the economy, the court, the Prosecutor's Office, and all spheres of public life.

I am also concerned with the lack of a clear program. The SDS program was good, and we voted for it. However, this program is being violated in numerous points. Confidence has been voted, so let us not violate it.

The power is a means of constructing and destroying. The politician is a person who leads the people after having convinced them of the correctness of his direction. However, if the direction is wrong, they must draw his attention to this fact and correct the situation. From this we could infer certain conclusions about the role of the trade unions. They do not govern, but they warn when a wooing direction is taken, and this is their corrective role.

We also are concerned with the personal files issue, something Mr. Savov spoke about yesterday [11 April]. Two attitudes exist: Either publish them or destroy them.

However, if you continue in the same manner, there will be people who will be controlled. Let me say the following: It is better for those who were members of the secret services to repent among friends rather than be a toy in the hands of their enemies. The Apostle Peter denied Christ three times, and the Apostle Paul was an unbeliever. However, this did not prevent them from being second to the Savior.

I see that Mr. Filip Dimitrov is here, so I take this opportunity to say to him: Mr. Dimitrov, one of the characteristics of the democrats is that they keep their word and respect their signature. Please, let the negotiations that began on the basis of the agreement that was reached continue and end with real results within the prescribed term. The Miners Federation asked me to say this to you, and I am carrying out their instruction.

I am also concerned by something else, Mr. Savov said. This is the issue of corruption. Really, we have suffered a lot. However, there is a time for everything under the sun. Those who have will have more, and those who have little will be deprived of the precious little they have. Naturally, I mean spiritual assets. Our enemies want to corrupt us and thus control us. Do not succumb to temptation because, as Christ said to the devil in the desert, man cannot live by bread alone but also by his word.

The progress of the historical process is irreversible. There will be democracy in Bulgaria. We do not determine the direction of the historical process but only its speed. The better you, we, and all people who love democracy and truth do our job, the faster Bulgaria will eliminate the grave heritage. As president of the Podkrepa Labor Confederation, I would like to tell you: Let us be closer to the people and keep the firm ground under our feet. Let us not be blinded by power because, although it is a good thing, it also can be fatal for the soul. Do not consider every criticism as a hostile act but as a constructive contribution. What is friendship if friends do not tell each other the truth? I know this and can only repeat what Mr. Savov wanted from me: The SDS is Podkrepa and Podkrepa is the SDS. Honesty is the best policy.

God be with you, esteemed delegates. God save our country, which has suffered so much.

Decision of SDS Fourth National Conference

AU1604192792 Sofia DEMOKRATSIYA in Bulgarian
13 Apr 92 p 1

["Text" of Decision of the Fourth National Conference of the Union of Democratic Forces; place and date of issue not given]

[Text]

I. The Fourth National Conference of the Union of Democratic Forces [SDS] recommends to the SDS parliamentary faction:

1. To devote special attention and attribute special importance in its parliamentary activity to the following:

a) To give priority to debating the Law on Privatization and, if possible, review it at the coming sessions. To envisage efficient mechanisms within the law on establishing control over the source of means and capital used for the privatization, including the confiscation of illegally acquired capital, as well as capital invested by proxies.

b) To view the draft bill on amendments and addenda to the Law on Pensions as a bill whose priority is second only to the Privatization Bill.

c) To regard the amendments in the Labor Code as the next priority draft bill that must be discussed. Taking into consideration the fact that this draft bill has a direct

importance in the quick change of the political and economic system, it must incorporate instructions that create the legal foundation of dismantling the economic *nomenklatura* and removing all incompetent leaders, and instructions that will allow the Council of Ministers and the organs of management to initiate energetic measures for turning into effect the structural and personnel changes.

The draft bill on the state employees must be reviewed with the same goals in mind and in the same context.

d) To submit proposals on amendments and addenda to the Labor Code, which must envisage strict control over attempts against private property, theft, corruption, and attempts against the personality, cultural assets. To review the forms of economic crime and devote special attention to the new forms—laundering dirty money, exporting illegally acquired property, criminal economic activity of the mafia type, and so forth.

e) To give priority to the draft bills on the organization of science, the intellectual property, and the system of scientific degrees and titles.

2. To adopt energetic measures for checking the election documents and establishing the whole truth about the Grand National Assembly elections.

3. To undertake the necessary legislative and practical actions for declassifying the personal files of the people's representatives, ministers, higher state employees, and members of the leaderships of parties and municipal and regional SDS coordinating councils.

4. To urge the National Assembly to adopt competent measures for transferring the special services to the Council of Ministers, restructuring those services, and guaranteeing parliamentary control over their activity.

5. To accelerate and facilitate the reforms in the Bulgarian Orthodox Church and create legal conditions for increasing the religious culture of the Bulgarian citizens through introducing special classes in the schools and special radio and television programs.

II. The Fourth SDS National Conference recommends to the government:

1. To effect as soon as possible structural and personnel changes in the ministries, departments, and Council of Ministers, as envisaged in the governmental decisions. Special attention must be devoted to reorganizing the Ministry of Industry and Trade and the Ministry of Agriculture and to removing incompetent employees. Those changes and the cadre policy in general must be implemented in an atmosphere of openness and glasnost. Every minister is personally responsible for his cadre policy.

2. To give priority to establishing health insurance and pension funds.

3. To inform the SDS parliamentary faction once a month about its activity and the activity and problems of the separate ministries.

4. Until bills are adopted that contain sublaw normative acts on their application, the Council of Ministers and the relevant ministers must issue such acts as soon as possible to guarantee the rapid practical implementation of the laws. This especially applies to the Regulations on Applying the Property Bill and Using Agrarian Land.

5. To give priority to developing the country's power supply system.

6. To accelerate the reform of the Bulgarian Army and the Police, which has already begun, and devote special attention to the personnel changes at all levels. To adopt special measures for the reregistration of weapons owned by the citizens and seizing illegal weapons.

III. The Fourth SDS National Conference recommends that the mayors and municipal councillors elected with the blue [SDS] ballot engage themselves in implementing structural and personnel changes in the municipalities and mayorships in accordance with the criteria outlined in Article II.

IV. Instructs the SDS National Coordinating Council:

1. To establish the necessary permanently functioning units to conceive proposals and concepts related to the most important directions of the SDS activity such as a group on analysis and strategy, an expert group on economic issues, and so forth.

2. To adopt democratic but energetic measures to attract competent and uncompromised people to the SDS structure and apparatus. More specifically, persons who have been sentenced for crimes or who have occupied leading posts in the political hierarchy of the Bulgarian Socialist Party may not be members of the local coordinating councils. A program on training and developing experts must be discussed.

V. The SDS expresses its concern about the crime rate and will cooperate with the prosecuting organs in seeking responsibility from persons who have committed crimes, the culprits of the economic crisis, and persons who have committed crimes during the revival process and crimes against mankind.

Question Mark Over Existence of Rakovski Legion

*AU1704122892 Sofia DUMA in Bulgarian
11 Apr 92 p 1*

[Unattributed report: "Rakovski Officers Legion Existence Jeopardized; President Is Last Hope"]

[Text] The statement of Senior Lieutenant Uzunov, which was published in several newspapers, according to which 22 May will be the last day in the Rakovski Officers Legion's existence is an insinuation, sources

close to its leadership claim. The report is actually the legion's death certificate, something the new military leadership and certain circles at 134 Rakovski Street [headquarters of the Union of Democratic Forces] wanted for a long time. Informed sources point out that the date included in Uzunov's report had not been pointed out without the knowledge of the minister of defense.

The legion, originally described as the "blue [Union of Democratic Forces] column" in the Army and the Police, began to oppose the reforms in the Army and tried to defend the social interests of the military. At the beginning of March, the legion members openly opposed the decision of those in power to actually disband the intelligence services.

Until 22 May, the legion leadership will seek an official meeting with Dimitur Ludzhev. The meeting must take place by all means under the auspices of President Zhelyu Zhelev. The goal will be to reach a consensus both between the military leadership and the legion, and between the presidential advisers and the blue forces at 134 Rakovski Street.

Government Justifies Decision on People's Court

*AU1404192992 Sofia Khorizont Radio Network
in Bulgarian 1630 GMT 14 Apr 92*

[Declaration of the Ministry of Foreign Affairs, "authorized by the Council of Ministers" and submitted to Sofia Radio by Veneta Momcheva, spokesman of the Ministry of Foreign Affairs; date not given—recorded]

[Text] [Announcer] As Veneta Momcheva, spokesman of the Ministry of Foreign Affairs announced, the Ministry of Foreign Affairs is authorized by the government to provide the following explanations:

Regarding the resolution of the European Parliament adopted on 9 April related to the bill submitted by a group of deputies from the Bulgarian National Assembly, the ministry specifies that the name of the bill read as follows: For Declaring Invalid the Legal Act on the Trial of the Culprits Responsible for Involving Bulgaria in World War II and of All Evils Stemming From the War.

[Momcheva] We are puzzled by the fact that the Bulgarian Government authorities are requested to withdraw a bill that was not submitted by the government.

The government has so far not even been asked to express an opinion or provide information on the bill in question. The government has not expressed any view and does not intend to express an opinion on a bill that has so far not been discussed in the parliamentary commissions.

According to the view of those who submitted the bill, its purpose is to annul an act that is in contradiction with the Constitution and legislation that were valid at the

time of its adoption. It was an act with which the Bulgarian Communist Party, having seized power under circumstances of foreign occupation, was trying to suppress its political opponents by physically destroying them or by depriving them of their freedom.

Among those affected by the aforementioned law were numerous distinguished Bulgarian public figures who, during the years of World War II, declared themselves against the antidemocratic, anti-Semitic, and anticonstitutional acts of certain Bulgarian statesman who were ruling at that time.

The Bulgarian Government is firmly defending the stands of democracy and resolutely rejects all fascist, racist, and other totalitarian doctrines. It has no intention whatsoever of excusing or rehabilitating those who

committed acts that, according to the norms of International Law and in accordance with Bulgarian legislation, represented and still represent crimes against peace and mankind.

In addition, no individuals who are serving sentences for such crimes exist in Bulgaria today.

All of this convinces us that the resolution of the European Parliament of 9 April related to Bulgaria was adopted on the basis of incomplete and inaccurate information.

The Bulgarian Government resolutely rejects as unjustified the opinion expressed in the resolution and is convinced that the questions raised in the resolution should be discussed after a thorough examination of the existing facts and data for which the government is ready to fully assist the European Parliament.

Overview of Current Political, Economic Affairs

92CH0419A Prague LISTY in Czech
No 1, 1992, pp 41-48

[Article by Jiri Slama: "On the Current Situation in Czechoslovakia"]

[Text] The author of this study was born in 1929 in Brno. He studied economics and lectured at the Higher Economics School in Prague. He actively participated in the preparation and development of the economic reforms of the 1960's and after the August intervention by the Soviets he went into exile, where he serves as a scientific coworker of the Institute for East Europe in Munich. Professor Jiri Slama's study has something to say to our readers as well. It contains an independent overview of the Czechoslovak problems and is also interesting where the author deals with what for us appear to be given facts.

Economic Consequences of the Past 40 Years

The current situation in Czechoslovakia is determined both by the distant past and also by developments in the last 50 years. Even before the communist system was imposed, the Czech lands were subjected to the actions of another totalitarian system, that of the Nazis. In many aspects, the functioning of that system was comparable with the workings of the communist system which was put in place after 1948. This is true mainly of the limitations of individual and political freedoms of the citizens and their organizations.

In contrast, the functioning of the two totalitarian systems in the economic field was different. During the Nazi period, the market economy was not abolished, but was rather subordinated to military economic regulation. Regardless of the plundering of the economic base of the country to benefit the Reich and the postponement of a great deal of new and maintenance capital investment and regardless of the structural distortions of economic development caused by the war, the economic devastation of the country in the period of the protectorate was not as serious as in the period of communism.

Slovakia, which from the economic standpoint was less incorporated into the wartime machinery of the Reich, was able to boast of a relatively great economic growth. The populace in Slovakia was also much better supplied at that time than in the protectorate.

The communist economic system lived off the asset base¹. A new structural orientation also took place in the process, to Eastern Europe and the Soviet Union and to heavy industry. This proved to be economically disadvantageous. Essential capital investment, especially in the field of the infrastructure, was put off and neglected, which meant living at the expense of the future. The entire economic base of Czechoslovakia is therefore obsolete and in disrepair.

The current new orientation of the Czechoslovak economy requires the closure of many enterprises' operations and the abolition of many jobs and all this takes place just at the time when the resources which are needed for the creation of new jobs are lacking. One must expect a high level of unemployment, about 10 to 15 percent², even though it is today somewhat less than half of that figure.

Social and Psychological Consequences

The communist system meant mainly a drastic limitation on the citizens' freedom. The authority to control society was concentrated in the hands of a few top officials³. Under classic Stalinism, however, not even they were free, but rather dependent on the power center in Moscow.

Along with this limiting of civil freedom came a radical reduction in the responsibility of the citizens for their own fate and for the fate of the country. Limitation of freedom also affected the economic sphere, including consumption. All actions for the future, for old age, illness, accidents, etc. did not fall to the citizens, but rather were exclusively in the hands of the state.

During the 40 years of communist government, there were more than two generations born and raised. These generations are marked by the totalitarian and paternalistic communist system and are maladjusted from the viewpoint of a free society and a market economy. So far there exists no generation which would have already grown up under the new conditions. There is the younger generation, which can still change, and the older generation which was formed by the democratic system of the prewar period (and, of course, also by the system of the protectorate). There is some question as to how much and how quickly the behavior of these various generations can yet change in order to fit in with the new democratic, political, and market system.

Now there is a need for people who want to be entrepreneurs, who are not afraid of risk, and who have the strength and capabilities to start something new. These characteristics do not unconditionally have to be part of a broad stratum of the population in order for a market economy to be brought to life. It is enough for there to be a relatively insignificant number of entrepreneurs in order for the private enterprise sector to develop.

The present transformation of the economy leads to a unique situation; many people are only now discovering their capabilities and opportunities and achieving a rapid climb up the social ladder. The experience of the newest economic developments in Czechoslovakia shows that this layer of society, thinking and behaving as entrepreneurs, already exists there. Step by step, the framework of conditions for entrepreneurial activities is also being created through the entire legal system and new organizations and institutions.

Current Political Situation

In comparison with other postcommunist countries, the situation in Czechoslovakia is relatively quiet and stable. This testifies to the high level of the political culture and the democratic maturity of the population and the political leadership as well. The connection between the movement resisting the communist system in recent decades and the current political representation is also noteworthy. Today's political stratum consists of basically three groupings. One is represented by the former reform communists, the second consists of the majority of the politicians who in recent years set themselves up in opposition to the communist system. The third group is made up of communists and noncommunists from the former power structure who have "adjusted."

While the reform communists acted within the power structure before 1968 and during the period of "normalization" were outside it, the noncommunist resistance operated strictly outside the power structure. It is important that Czechoslovakia now has available a number of key persons who are maintaining the political stability of the country. In the first place there is today the president of the republic, Vaclav Havel, a Czech. Havel and his activities have a very strong integrating and stabilizing effect on the political life in Czechoslovakia. His popularity is not equally balanced in the country, however, as it is strong in the Czech Republic and relatively weak in Slovakia. Among the weaknesses of the political elite in Czechoslovakia, one should count the fact that none of the Czech politicians has sufficient support in Slovakia and vice versa.

Another important political figure is the Slovak Alexander Dubcek. Together with another Slovak, Marian Calfa, he is one of the few federal politicians who has strong support in Slovakia. Alexander Dubcek is, however, very controversial politically because of his communist past, especially in the Czech Republic. This, of course, is not a problem which concerns only Dubcek, but rather the problem of principle of relations to the reform communists and the democratic left in Czechoslovakia.

The prototype for another group of politicians is the federal minister of finance and chairman of the Civic Democratic Party, the Czech Vaclav Klaus. Havel symbolizes mainly the resistance movement in the years of the so-called normalization. Alexander Dubcek is the symbol of the reform communists' attempt to reform the communist system. Vaclav Klaus, who turned 50 years old this year, was never a member of the Communist Party. Klaus also did not take any intensive part in the resistance movement during normalization. During the normalization period, however, he did a lot in preparing a group of economic scientists who today are playing an important role in the current transformation of the Czechoslovak economy.

As was already noted, today there prevails a strong anticommunist mood, the same as in other postcommunist countries, which goes under the name of de-Bolshevikization. This is understandable and it must be

rated positively because it facilitates the task of getting rid of and overcoming the elements of the communist system. For many people, however, this anticommunist mentality is only superficial and does not contain any understanding for the problems connected with the deeply embedded communist relations to questions of the economy and the society or a clear idea of the paths toward overcoming its residual effects. Instead of directing their energies toward overcoming the communist system, this anticommunist attitude limits them to an oversimplified judgment of the individual politicians according to whether or not they have ever been members of the Communist Party. This attitude leads to the point where the reform communists are put on the same level as their tormenting "normalization" dogmatists.

The general opposition to communism is unhappily carried over to all "socialists" and "leftists." Sometimes even liberals or leftist liberals are not spared. The mood is such that many politicians feel that they can achieve a certain political success by hitching their wagons to the antileftist horse. In addition to this, it is possible to observe a certain distortion of the basic political concepts on the Czechoslovak political scene. A liberal is considered some kind of leftist liberal, and what in the West European economy and politics is understood to be freely liberal is labelled right-wing in Czechoslovakia.

The rush to the right wing of the political spectrum is great and the individual parties are grabbing on to a position on the right. The concept of a "position on the right" in Czechoslovakia, however, is not connected with the same attributes as are familiar in Western Europe, such as, for example, nationalism, xenophobia, and a leaning toward a strong to authoritarian state. The party of Vaclav Klaus, which characterizes itself as a right-wing conservative party, in the Federal Republic of Germany would be compared rather with the FDP [Freed Democratic Party].

The collapse of the Communist Party is currently under intensive discussion in Czechoslovakia, in a even strong form since the failed coup in the Soviet Union. The experience of the Western democracies shows that the Communist Party must strictly adhere to the constitution and the laws as a prerequisite for allowing it to operate. A prohibition of the Communist Party would mean a restriction of democracy in view of the great number of communist voters. There is, at least for the present, no danger threatening democratic development in Czechoslovakia that comes from this party. One cannot, of course, overlook the fact that the Communist Party, experienced in putting forth simple demands, will try to exploit to its own benefit the social problems and conflicts which the process of economic transformation brings with it. However, the danger of populist politics of this type will not remain limited just to the Communist Party.

The bad experience with communism also shows up in the aversion toward the other leftists and socialist movements. Many politicians of the so-called right wing overlook here the fact that the parties of leftist liberalism and democratic socialism must play an important role in the democratic development of society, as Western experience shows. In Czechoslovakia the leftist parties are to date still too weak to be able to play this important role.

The problems cited above also differentiate the positions of the follow-on parties of the former Civic Forum. Civic Forum (in Slovakia this party is called Public Against Violence) won the last parliamentary elections with a majority. Both these parties are represented in parliament according to this, but the Civic Forum *de facto* no longer exists. This creates an anomalous situation which under other conditions would have to lead to parliament being dissolved and new elections called. Such a solution would, however, not be considered, if only because new parliamentary elections are to be held already. Nonetheless, the problems which are connected with the breakup of Civic Forum persist in the form of conflicts between the successor parties.

Conflict About the Concept of Economic Reform

A sharp conflict about the transformation of the Czechoslovak economy has been going on throughout 1990⁴. This argument takes place particularly between the groups of "government economists" who have been supported by a number of journalists and scientists and their opponents, mainly from the economic institutes and higher schools and from among the opposition parties (for example, the Communist Party) and smaller parties which are not represented in the parliament. Among the critics were also some politicians and experts from the government coalition (Milos Zeman, Valtr Komarek). The opponents also include the foremost man of the Czechoslovak economic reforms of the 1960's, Prof. Ota Sik (living in exile in St. Gallen in Switzerland).

This argument was not about whether or not a market economy should be introduced, but rather about the form, nature, and tempo of the process. The opponents of the government's concept were smeared not only by material arguments, but also by political incriminations about being socialists and leftists and supporters of the so-called third path. After the introduction of key elements of the economic transformation by 1 January 1991, the argument about the concept quietened down, but the conflict over how to judge the development of the economy continues. The government judges the development positively as a whole, while the opponents speak of a catastrophic crisis and demand a thorough revision of the concept or even a retreat from the reforms.

For 1991 the government expects a strong drop in production, a short-term jump in prices at the beginning of the year, limited domestic demand, and a rapid growth in the number of unemployed. It was also expected that the increase in prices will slow down soon.

The marketing crisis and the slackening of demand is forcing many enterprises into entrepreneurial activities; this is one of the essential painful medicines of the crisis. And it is a point on which the opinions of the architects of the economic reforms and their critics differ. The critics press the alarm button and paint the future of the Czechoslovak economy in the darkest of colors. In doing this, they do not bear in mind that the crisis is mainly a result of the gloomy heritage of 40 years of communist government.

The fight for reform is connected with the current political struggle in Czechoslovakia⁵. Everyone is indeed in favor of the market economy, but many of them are not prepared to permit serious social consequences in the introduction of the market economy. There is practically nobody in the economic teams of the three governments who would play down the social consequences and aspects of the market economy. But it has to be taken into consideration that especially right now, in the process of transformation, one cannot perceive the social consequences in the same manner as in a market economy which is already functioning and rich. The majority of the critics of the political reforms therefore come from the left side of the political spectrum.

Economic Transformation—Goals and Results

The main elements of economic transformation in Czechoslovakia can be formulated as follows:

- Creation of new legal institutions within a framework for a market economy;
- Price liberalization in the domestic market;
- "Commercialization," breaking up monopolies, and privatization of industry;
- Convertibility of the Czechoslovak koruna;
- Creation of a social network;
- Restrictive monetary and fiscal policies at the macro-economic level.

Together with the macroeconomic stabilization course, in a relatively short time in Czechoslovakia they also undertook important steps in the direction of a functional market economy. Reform goals which have already been achieved can be summarized as follows:

- There are more favorable conditions for joint ventures and the direct foreign participation in the growing number of Czechoslovak enterprises.
- The state monopoly on foreign trade has been abolished.
- After several devaluations of the koruna, limited domestic convertibility (for trade transactions) was introduced.
- A substantial part of the subsidies for state enterprises was abolished.

- The structural changes in the state and cooperative economic sector which have taken place so far have already led to a situation where the number of economic organizations has increased and at the same time the average size of an enterprise has dropped. The number of state economic organizations grew by about 51 percent and cooperatives increased by 15 percent. This reorganization impacted to an extraordinary extent on construction, where the number of enterprises more than doubled.
- In the meantime, the Czechoslovak parliament approved the law on economic competition and the law on bankruptcy. This created the legal basis for a change in the monopolistic structure which until then was firmly held in the hands of the industrial branches.
- At the beginning of 1991, the main phase of the reform began with a freeing up of the majority of retail prices and the exchange rate. Since that time, other price regulations have been removed.
- The "small" privatization of restaurants, shops, and other small businesses began at the end of January 1991 and the "large" privatization of medium-size and large state enterprises is currently taking place. Here the disputed coupon method is being used. The share of foreign participation in privatization should reach 30 to 40 percent, according to estimates.

Economic Development From January to July 1991

Data on the development of the economy in the first seven months of 1991 are available. These data show the effect of the key measures of the economic transformation which was begun in 1990, especially before 1 January 1991.

The marketing difficulties of the Czechoslovak economy continue in both the domestic and the foreign markets. Industrial production, including small enterprises in the private sector, dropped in July by 22 percent in comparison with July 1990 and for the period January through July 1991 by 15.7 percent in comparison with the same period of the previous year. The decline was more marked at industrial enterprises with more than 100 employees.

The developments in construction were similar. The decline in production in July 1991 was 20.5 percent as compared with July 1990; for January to July 1991 it was 27.9 percent as against the same period of the previous year.

Unemployment also grew. On 31 July 1991 there were 363,000 unemployed, which was 20.6 percent more than the previous month. The degree of unemployment represents 4.6 percent of the overall number of existing workers. The number of unemployed and the level of unemployment were strongly differentiated within Czechoslovakia. In the Czech Republic, the unemployment level was 3.1 percent, while in the Slovak Republic

it was 7.7 percent. In comparison with the former German Democratic Republic [GDR], the level of unemployment in Czechoslovakia is much lower. This is connected with the fact that the changeover of the Czechoslovak economy is proceeding more slowly than the process on the territory of the former GDR. This corresponds unambiguously with the differing surrounding conditions of the transformation in these two countries.

One of the most positive effects of the transformation of the Czechoslovak economy so far is the development of the prices of Czechoslovak goods and the development of the exchange rate. In both areas, stabilization was very rapidly achieved after liberalization at the beginning of this year. This shows a growth in retail prices as compared to the previous month as follows: January + 25.8 percent, February + 7.0 percent, March + 4.7 percent, April + 2.0 percent, May + 1.9 percent, June + 1.8 percent, and July - 0.1 percent.

This development is also an indicator of the fact that Czechoslovakia has already got rid of a market situation where the market was controlled by the supply and that it has finally reached the desired state where the situation is controlled by demand.

The exchange rate for the koruna has likewise reached a balanced state and without any massive intervention by the state bank. The goal of full convertibility has come much closer.

On Fate of Federation of Czechs and Slovaks

Currently in Czechoslovakia there are heated arguments going on about preserving the joint state and about its internal structure, including whether independent national states should be created. Both recently and in the distant past, the two nations and both parts of the country, that is, the Czech lands and Slovakia, have been very different, but despite this they have much in common.

Both nations have so far lived only a very short time in an independent state. The Czechs had their own state for several centuries in the Middle Ages, while a state for the Slovaks appeared, if we do not count the Greater Moravian Empire (830-906), only in the 20th century and then in the form of the Czechoslovak Republic. However, many Slovaks consider that state only conditionally as their own. Both nations lived for centuries under the domination of foreign nationalities. Neither nation had their own upper or ruling layer of society. Both nations therefore had an inclination toward resistance against the ruling class and an inclination toward a rudimentary democratic attitude. Such a concept of democracy is more developed in the Czech lands, where it draws on an older tradition, particularly on the Hussite movement, and later on the workers' movement.

Czech and Slovak are two independent languages. Czech literary language appeared in the Middle Ages, but Slovak only in the last century. The differences in the

vocabulary, the pronunciation, and the grammatical structure of Slovak and Czech are hardly greater than between two Bavarian dialects.

While Slovakia is characterized by agriculture and was industrialized only recently, the Czech lands have for a long time been considered industrialized.

Slovak national aspirations have historically so far been satisfied less than the Czech attempts at nationhood. These Slovak attempts achieved fulfillment only under the Nazi government and in conjunction with it, right at the time when the Czechs lost their national independence and were forcibly incorporated into the German empire as a protectorate.

While the Czechs incline toward a nonreligious attitude, in Slovakia there rules a minority Protestantism and a predominantly Catholic religiosity which is almost as strong as in neighboring Poland ⁶.

The Czechs have a strong workers' movement tradition. The majority of the social democrats and socialists joined the Communist Party after the First World War. Before the war, the communists were relatively strong in Slovakia (1935—11.8 percent)—not among the Slovaks, but rather among the poorest levels of the Hungarian populace, particularly among the agricultural workers in the southern Slovak estates ⁷. Because of their social position, the Slovak communists were on the borders of society and, in comparison with the Czech communists, also more devoted to the Soviet Union.

This situation led to the point where the communists won in the Czech lands in the free elections of 1946, while they were defeated in Slovakia. While communism spread only little in the 1930's and 1940's, that is, among the Slovaks, reform communism also put down few roots in the 1960's. While the Czechs fought for freedom and democracy and a "civil society" during the Prague Spring, in Slovakia the most important demand was for national self-determination, which was satisfied as a result of the Prague Spring in October 1968 in the form of the Czechoslovak Federation, even though it was of a totalitarian nature.

"Normalization" also took place in the two lands with varying intensity. While a great part of the Slovaks and their political representation were considerably involved with fascism and Nazism, it was similar for the Czechs with communism and reform communism. In Slovakia, however, support for the Slovak state was far from unanimous. This was demonstrated in 1944 during the Slovak National Uprising which attacked that state with strong participation by the populace and fought for the restoration of the Czechoslovak Republic.

The argument about a Slovak state still manifests itself today. Many Slovak politicians are not immune in the nationalist aspirations to the semi-fascist form of the Slovak state at that time. Inclinations to rehabilitate and glorify the Slovak state are strongly supported from abroad. This is connected to the fact that in the West,

especially in Germany, the United States, and Canada, there still lives a strong group of politicians and adherents of the Slovak state⁸.

In both parts of the country the Communist Party has a relatively strong position. This was demonstrated in the previous year's parliamentary elections, when the communists got over 13 percent of the votes in both parts of the country.

The causes of the unhappiness that affects one or the other partner must be sought, as with every problem, most likely on both sides. The Slovaks have a complex of being put down by the Czechs. The Czech arrogance consists just of the fact that they do not take this complex seriously and only appease them and therefore are acting provocatively.

A unitarian, usually single-nationality state undoubtedly has many advantages over a federation founded on an ethnic principle, especially as far as the administration and the economy are concerned. Such a state can also be entirely decentralized with true and far-reaching independence of the regions and communities. Such a democratic decentralized state can indeed be envisioned in a society of many nationalities as well, but probably it is hardly possible on the basis of greatly alienated and mistrustful nations and nationalities. And this is indeed the situation in today's Czechoslovakia. The first common task of the Czech and Slovak politicians is to preserve the joint state because it is advantageous for all the citizens. But never if it goes against the desires of the peoples, since it would then lose its advantages. In my opinion, the intensity of the tendency to split up is waning and it has already passed its peak. The following guidelines should be applied for further work on the federation: a true right to negotiate, rather than just formalities; an end to the remnants of a unitarian nature in thought and in practice; an end to the step-mother relationship to the authority of the federation; intensive decentralization and regionalization, of course, never on an ethnic basis, but rather on the basis of other criteria, especially economic ones.

It would be a bad thing for both nations to have practically to live through independence in order to learn the value of solidarity.

Problem of Reconciliation Between Germans and Czechs

On both sides⁹, it is often said that balancing out accounts between the Germans and the Czechs for the crimes, suffering, death, and finally the loss of property as well could not be adequate or even possible. But they secretly think, consciously or unconsciously, if only it would happen. For all that, it is justified also by the course and linkage of individual phases, the historical alternation of action and reaction, of the old and new status.

The injustices which the Germans and the Czechs mutually committed on each other developed into horrible

crimes after two relatively peaceful phases: First phase: Relations in the monarchy with domination by the Austrian Germans in the monarchy and in the historical countries and an unsuccessful fight by the Czechs for equality of nationalities. Second phase (reaction): Relations in the Czechoslovak Republic with domination by the Czechs at the expense of the Germans. The development of German rejection of the Czechoslovak state despite a German "activist" share in the government, up through the Nazi-influenced rejection of that state by the Sudeten German Party and the great majority of the German population. Third phase (reaction?): The breakup of Czechoslovakia by Hitler with the aid of the Sudeten Germans as a misused tool and the establishment of the protectorate. A brutal 6 years of German government over the Czechs with the assistance of the Sudeten Germans. Fourth phase (reaction): The brutal expulsion of the Germans from Czechoslovakia¹⁰.

This is how the historical and political balancing of accounts could be laid out in rough outline, which shows the course of events and their interconnections. Is it acceptable by both sides? And, if not, for what reasons?

Is a legal balancing of accounts or a legalistic grasp of the events even possible? I think that a juridical grasp of the events as a whole is not possible and that an attempt at a legalistic approach must be supplemented for at least some of the incidents of crimes committed by an interpretation of the historical and political circumstances of those events.

In the entire 1,000-year history of the coexistence of Germans and Czechs in Bohemia, Moravia, and Silesia, only two chapters stand out for their exceptional range and hideous nature of the crimes committed: the crimes against the Czechs in the years 1938-45 and the crimes against the Germans in the period 1945-47. These two chapters can be compared, without having to keep constantly in mind the earlier periods when there was discrimination against the Czechs in the monarchy and against the Germans in prewar Czechoslovakia.

I consider the injustices and crimes against the Czechs under the Nazi government the worse case because it was a terror which had been thought out and planned over a long period and was carried out consciously as a policy of force against a "less valuable people" and as a policy for its enslavement. The Czech crimes include the expulsion, which was legally sanctioned by the victorious powers, and crimes which took place during the expulsion. There is no legal basis for these crimes and they are inexcusable. One must add, however, that the Czech crimes should really be seen as a reaction to the injustices committed before then by the Germans.

Current Relationships of Czechs to Germans and Germany

Today's relationships of the Czechs to Germans seems to me to be worse than in the last years of the communist dictatorship. Among the populace at that time there was only recognition of the West German successes in all

areas and indeed in inverse proportion to the intensity of the anti-West German propaganda. The anti-Czech voices from the Federal Republic of Germany which were referred to above were dismissed by the populace of communist Czechoslovakia as communist propaganda. The hated GDR became, contrary to the regime's propaganda, the German whipping boy.

Among the Czechs under the communist government, this covered up the strong and deeply rooted aversion to the Germans which came from the past. This was not the result of the earlier communist propaganda! That was ineffective. On the contrary, the communist propaganda was never able to mobilize this aversion, but rather only to suppress it for a certain time!

Today, when the Czech politicians are trying to reconcile with the Germans and to admit to the Czech crimes, such as the expulsion and the crimes connected with it, all the hatred and mistrust of the Germans on the part of the Czech populace is coming to the surface¹¹.

This is not a matter just of the older generation. Even among young people, whose generation was little affected by the past, there is today an anti-German attitude spreading. Envy probably plays a great role here. The behavior of people from the former GDR also plays a negative role. The rich West Germans show arrogance, but so do the nouveau riche East Germans.

There is also very widespread fear of the expansion of German capital. This is, however, only a partial problem in German-Czech relations. On the other hand, the leftist-imbedded antipathy to capital as such lies behind this as well. People do not have the proper awareness of how today's internationalized market economy works or of what the basis of its successes consists. Such an aversion will, however, perhaps be rapidly overcome by practical experience and education.

Between the world wars the Germans played a decisive role in Czechoslovak foreign economic relations, even during the period of the Nazi regime in the first half of the 1930's. And this despite a preference on the part of Czechoslovak politicians in favor of France.

In the development of Czechoslovak-German economic relations, the Sudeten Germans, as Czechoslovak citizens, played a significant role. Today those German citizens can support contacts of the CSFR with the West from outside, especially with Germany. The treaty which has been prepared would certainly help in this. It would be nonsense if the preparation of the treaty and the negotiations about it were to bring out antagonisms between the contracting parties, instead of taking another step toward reconciliation.

Footnotes

1. Thus the depreciation of old equipment (for example, in the textile or foodstuffs industries) was not utilized to replace this equipment, but rather to build branches of heavy industry, for example, heavy machine engineering

or the steel industry. In this connection people spoke of "living at the expense of the past."

2. The level of unemployment on the territory of the former GDR in August 1991 was 12 percent and in Czechoslovakia in July 1991 was 4.6 percent.

3. After taking power, these were real politicians, even if of the Stalinist type (Gottwald, Zapotocky); they were also used to operating in the political space of the parliamentary democracy of prewar Czechoslovakia and to addressing the broad masses with demagogic social demands. Later they were not politicians, but just party bureaucrats such as Novotny and Jakes. Husak represented a certain exception to this.

4. The specialized term "transformation" is better suited for the depth of this social process than the expression "economic reform."

5. Parliamentary elections will be held in Czechoslovakia probably in June 1992. However, the election battle has already started several months ago.

6. The reason consists probably of the forced re-Catholicization of the Czechs after the defeat of the Hussite reformation and after the Thirty-Years War and of the fact that the Czechs perceived the position of the Catholic Church under the monarchy as an obstacle to their national aspirations. The attitude of the populace to the church, especially to the Catholic Church, has improved in Bohemia during the last 20 years, thanks to its resistance to the communist regime. In contrast, Moravia is traditionally more religious than Bohemia and lies not only geographically, but also from the religious standpoint, between the Bohemians and the Slovaks.

7. This situation was far more striking in the still poorer Subcarpathian Ruthenia, where the communists in a number of elections in prewar Czechoslovakia became the strongest party.

8. The strong wave of attempts at purging the Slovak state after the communist regime was overthrown came quite unexpectedly. Apparently it was possible only thanks to massive support from outside the country. This campaign started right after the November revolution.

9. It is no accident that here we are not speaking of the relationship of the Slovaks and the Germans. Only 5 percent of the German population in Czechoslovakia lived in Slovakia.

10. The fact that the expulsion is considered immoral and even a criminal act, but also a reaction, still in and of itself does not justify the legal classification of the expulsion as a crime. This judgment is based on the legitimization of the expulsion by the Procedural Agreement of 2 August 1945, according to which the withdrawal of the Germans from Czechoslovakia was to take place "in a lawful and humane manner."

11. When I published an article on the negative effects which the expulsion of the Germans had for Czechoslovakia in LIDOVE NOVINY in January 1990, shortly after the revolution, I received a number of letters from readers, the majority of them supporting the expulsion.

Meciar's Postelection Plans Explored

92CH0430A Prague LIDOVE NOVINY in Czech
24 Mar 92 p 1

[Editorial by Jan Vavra: "At Last!"]

[Text] It has been obvious for some time that because of electoral preferences in the Slovak Republic and Vaclav Havel's likely run for the presidency of the CSFR, the future of the common state depends on the personal decision by Vladimir Meciar. Will he yearn more for the role of the federal prime minister or for the status of a Slovak president? In the lobbies of the political parties and movements there have been speculations about the extent of his pragmatism, and the prognoses often end with the hope that "you will see what a federalist he will become after the elections...!"

Vladimir Meciar put an end to these speculations with his speech at the congress of the Movement For a Democratic Slovakia [HZDS]. A program of adopting a constitution of the Slovak Republic headed by a Slovak president, Slovakia as a subject of international law, as well as placing the biggest HZDS guns on the ballots for elections to the Slovak National Council and not the Federal Assembly, reveal quite clearly the postelection intentions of the likely Slovak winner. Vladimir Meciar would have a hard time after the elections persuading his little lambs of the necessity to suddenly change course in favor of the federation.

Although this stance probably means the dissolution of the common state shortly after the elections, we must only welcome the fact that Meciar showed his hand. If only because it disabuses us of the illusions about a possible room to maneuver. Of course, so far the only party in the Czech Republic which made known its position regarding coalition with the HZDS is the Civic Democratic Alliance. The probable winners in the elections in the Czech Republic from the right and center of the political spectrum have been successfully keeping their views on Vladimir Meciar secret. On one hand they fear, and rightly so, the loss of Czech voters if they declare their willingness to cooperate with Vladimir Meciar, on the other hand they do not want to antagonize the future Slovak winner. Such pragmatic stance does, of course, provide room for various future negotiations, but voters should know what they can expect from their parties after the elections. Therefore the Civic Democratic Party and the Civic Movement, above all, should clearly state how they envisage postelection cooperation with Meciar's HZDS under these circumstances. All the more so, because at stake is the future form and character of the state.

Slovak Writer on Relevance of Attitudes to Past

92CH0439A Prague *LITERARNI NOVINY* in Czech
25 Mar 92 pp 1, 3

[Article by Stanislav Spanar: "Shades of the Past"—first paragraph is *LITERARNI NOVINY* introduction]

[Excerpts] Nations mature and form their characters on the basis of their victories as well as defeats. In this context, it is precisely the defeats which are of particular value (not only on the field of battle) as long as nations (states) prove able to analyze their causes without pretense and to draw the right conclusions from them. Inconsistency, halfway measures, and the suppression of historical truths are surely not worthwhile, even though the punishment may befall, say, the next generation. [passage omitted]

In the Czech Lands, people wonder what the source of such unconcealed sympathy by a sizable portion of the population with regard to a so-called Slovak state might be here in Slovakia. They wonder how even important individuals can still espouse a state today which was so Nazi-like in character that its racial laws were tougher than those in the German Reich itself? The army served Hitler and fought against the allies.... By the way, it is not only the people in the Czech lands who are wondering, enough of us even in Slovakia wonder, but particularly it is people abroad that are wondering: in Germany, America, Israel, and elsewhere.... The world truly does not understand where these manifestations of hatred, racial intolerance, and inconsistency originate.

On its way to fascism, Slovakia underwent historical development, which took place under the sign of weak or nonexistent democratic traditions and faint political awareness, which was choked by long-term political and economic oppression on the part of the then Hungarian state. Obviously, 20 years of a joint democratic republic was not enough to foster the political ripening of a nation, the Czechoslovak Republic did not outlast the first assault from outside and Slovakia obeyed the voice of its leader.

How far ahead did Dr. Jozef Tiso, president, see (he is celebrated to this day by some people)? What kind of future was this pastor preparing for his flock when he was so ardently fulfilling Hitler's bidding? Did he feel that it would be advantageous to form an alliance with Hitler, to preserve prosperity in the state, and to naively hope that the war would somehow pass by elsewhere, that "it will not impact on us"? This would, on the one hand, indicate a great lack of understanding and political naivete, as well as a calculus which, however, is not worthy of a statesman representing a proud sovereign nation. How differently did other nations conduct themselves in a similar situation! (For example, Norway or, later, occupied Belgium, Denmark, etc.) Or did Tiso seriously think that Hitler and his perverted ideas would win a permanent victory in the world and that it would, therefore, be better to be on good terms with him? What kind of future did the demonstrators on Andrej Hlinka

Place in Bratislava prepare for themselves in March 1939 when they were raising their right arms in holy rapture: "For God, for the people on guard...!"?

After all, within the framework of historical justice this future was to be the rightful future of a defeated nation! A defeated independent Slovakia as an ally of Hitler. The "enlightened" men of the Slovak government led their nation into ruin, saw it bombed to pieces, saw its industries and agriculture disrupted. Heavy reparations were to be paid and Slovakia was, naturally, to be occupied by the Red Army with all of the easily visualized consequences for morale and for the standard of living of the nation. (We know that Dr. Gustav Husak had already written to Stalin during the war, saying that the Slovak people were longing for an alliance with the USSR.) Slovakia had to pay an enormous price for a short period of relative prosperity. So how come that some surviving direct participants of the former Slovak political leadership are not ashamed today of not only espousing the Tiso regime, but even of glorifying it?

Perhaps the cruel punishment for straying into Nazism, for the lives of innocent Jewish fellow citizens, for general collaboration and the wartime boom might, in the future, turn out to have been healthier and more beneficial for the nation than that which actually did not happen to it: It turned out that Slovakia was able to swing out of the role of being a fascist satellite of Germany painlessly into the family of victorious countries. (This was also influenced, in part, by the Slovak National Uprising, despite the fact that it was a military failure.) Thus, Slovakia did not suffer in any way and did not even suffer after the war. The raptuously raised right arms were quickly forgotten, as were the racial laws, the Aryanization of property—and the path led fearlessly into the new life alongside the victors. There was no consistent analysis of the reasons for conversion to fascism, there was no disillusionment in a country that had been ruined by war: The people, in other words, all citizens of the land, simply were not presented with the bill. But everything has to be paid for. And a nation generally pays with lives for the mistakes of its leaders.

Because Slovakia did not pay the tax in wartime—like Japan, for example—there should have been all the more analysis of the reasons for the failure of the state or its inhabitants after the war and its actually very fortuitous conclusion (Slovakia, as the only state in the Hitler coalition, was not occupied after the war). All the more greater should be the effort by us Slovaks ourselves to recognize the reasons and roots of evil into which we fell. So that a similar situation could not be repeated.

That is why I contend that the efforts of the Czechoslovak exile government in London, and specifically those of President Benes, to recognize all of prewar Czechoslovakia as the victorious side—no matter how benevolently Benes intended it to be—turned out to be a disservice to Slovakia, the consequences of which we are feeling right now. Shortly after the end of the war, there was no talk in Slovakia about the Tiso Slovak state,

although as early as the 1950's suddenly recollections began to be heard regarding the "prosperity" and relative plenty, the "independence" and the all-around former good times. This was surely a reaction to the hard fist of the communist regime in the 1950's, to the tough centralism (at that time, there was clearly the first mention of the expression "Prago-centrism"). People began to compare events with the past, events which had already been either idealized or systematically distorted by communist explanations in people's recollections.

Unfortunately, in Slovakia there was never a clear and uncompromising condemnation of the period from 1939 through 1945, no remedial steps were taken regarding the education of the nation and, for this purpose, not even any democratic institutions were introduced. And that is why I fear that all of this will yet have to be paid for. Through intolerance, undemocratic conduct, manifestations of totalitarianism, through a lowered standard of living. I only hope that not too much will have to be paid and for not too long a time. If the theory on the "compression of time" is valid, a new democratic generation will perhaps come into being sooner than after additional "eternal" decades.

Today, following the failure of socialism, I believe that we should organize something akin to the Nuremberg war crimes trials, perhaps only on the basis of morality, in which the muds of our past would be mucked out so that everyone could see where he might seek or not seek identification. If we do not do this, voices will begin to be heard saying that socialism was actually not so bad, that we actually had it quite good, there was enough to eat and enough to buy beer and there were no worries.... It is true that in our country there are enough false prophets who can utilize the current difficulties and, using a more or less parliamentary way, throw us back a long way. What is involved here is that people should recognize this falsehood.... The nation must be completely clear about why and in what respect the former system was objectionable, criminal, and repulsive in terms of life. It is not a question of punishment, it is a matter of the truth of our history.

In the Czech Lands, the bill for the past will likely be presented by scientists and artists—they are getting ready to do so. Once more, the situation will be worse in Slovakia. Some political representatives do not know how, cannot, or do not wish to unequivocally condemn the past system as an essentially antihumanistic regime which egalitarianized man to a mere output unit, a statistical number, without granting his uniqueness and nonduplicability. It is particularly the representatives of the KDH [Christian Democratic Movement] (who, however, are willingly followed by the Communists, the SNS [Slovak National Party], and representatives of the HZDS [Movement For a Democratic Slovakia]) who, in regard to their positions and statements, consistently fog up the core of the system and the moral depravity of its protagonists over the past 40 years. Although it is possible to understand that the so-called socialism helped Slovakia in a certain and purely materialistic

sense—the industrial development of Slovakia over the past years was speeded up (appreciably as a result of the armaments industry) and its share in the total gross Czechoslovak domestic product rose from approximately 8 percent in 1938 to 31 percent in 1989. There was more construction going on in Slovakia than in the Czech Lands....

The socialist economic theory of equalizing the differences between individual countries found its application in the industrialization of Slovakia. Of course, this theory is a Janosik principle, which takes from the rich and gives to the poor (provided there is something to give; if there is not, that is the end of socialism). Of course, only those who are poorer benefit from this. In the case of Czechoslovakia, this was Slovakia. Generally, it can be said that life in Slovakia was actually not so bad under the regime which ruled over us from 1948 until November 1989. One did not even have to work too much and investments continued to come in. That is why some of today's Slovak politicians do not want to hear a whole lot about the devastation of human life, the ruination of the environment, the ruination of many historical and cultural memorials, but particularly about the degradation of man; they even mount efforts to introduce a kind of pseudosocialist, egalitarian, national-clerical socialism with an exaggerated emphasis on Slovak demands. These politicians are not only not condemning the previous regime, but even express thanks to Dr. Husak for saving one of their altars (while tens of other altars took it on the chin under his government) and, at his funeral, the representatives of the KDH met with the top bosses of the former Central Committee of the Communist Party of Czechoslovakia. The Slovak parliament observed a minute of silence in honor of Dr. Husak, the chief "normalizer"! This minute of silence is not only derisive with regard to the democratic efforts, but is, primarily, yet another sin committed by the people. Following a time supported by hatred for everything which was noncommunist, when children were denouncing their parents and parents were renouncing their children, no one from the outside—at least visibly—can tell us what to do; we should sharply clarify what this socialism of ours was, what role its principal representatives played, representatives who should then be morally condemned, if not compelled to account for their actions before the courts. Among other things, it is necessary to say the following: "Dr. Husak was an uncompromising and ruthless Communist with a great yearning for power and he did not care from whom he would obtain it, whom he would serve as a result of it, and what fate he was preparing for the nation or the state he headed. His sychophants were not much better." After all, it was precisely he, in the function of the chairman of the Corps of Commissioners, who brought Slovakia into the bosom of the Communist Party of Czechoslovakia, despite the fact that here in Slovakia, following the elections of 1946, the Communists did not achieve victory. We criticize the Czechs for the fact that even in Slovakia we are "grateful" for the "victory of socialism" to the success of the Communist Party of

Czechoslovakia in the Czech Lands, but it is precisely the role of G. Husak during this time of intrigue which is being tactfully concealed. His communist convictions are far removed from any kind of national feelings which Carnogursky fraternity would like to ascribe to him.

We have recalled two already historical leading personalities on which, according to some, the pride and soul of the nation should be forged: Drs. Tiso and Husak. What kind of people are we Slovaks, actually? Let us consider that of which we should be proud in our history, that which we should take as an example and the kind of personal qualities which we should impart to our children.

In the 20th century, the hitherto most shameful ideologies in the history of mankind, which have resulted in immeasurable misery, suffering, and the loss of millions of lives, have come into being—fascism and communism. What kind of overlords were Dr. Tiso and Dr. Husak in the light of the effects of these ideologies? Tiso—a flunky of fascism with initiative—a Slovak quisling in 1939, and Husak—an uncompromising implementer of communism and a Slovak quisling in 1946 and 1969! The stressing of their “Slovakness,” as it is beginning to be fashionable in Slovakia, accompanied by the denial of their serious human and particularly moral shortcomings, is primarily extremely detrimental to broad strata of the population. As a member of the Slovak people, I categorically reject the view that it was precisely these two individuals who belong in our imaginary national pantheon. Let this pantheon rather gape in emptiness for the time being; the nation will tolerate it, it will outlast it, its life is not counted in years, but in decades and centuries, the Slovak nation will still give birth to a sufficient number of moral, honest, and educated people who will be rightfully worth honoring. Now, what we mainly need is truth and bitter truth. Do not the previously mentioned pair, apart from having common characteristics involving them in service to deviant ideologies, have other common characteristics? Characteristics which involve their election of momentarily advantageous positions, short-term relative booms, and the fact that they completely missed the long-term historical task of developing the moral structure and the character of the nation? A nation must not be guided by momentary success if it does not want to be exposed to the serious danger that, in so doing, it will lose the respect of its neighbors and, what is worse, that it will lose its self-respect.

Slovakia suffers from a curious type of schizophrenia: On the one side, this involves sympathy for a Slovak state, on the other side, it involves the celebration of the Slovak National Uprising. However, the Slovak state was a fascist state even though the rice bowls were full. The same is true of the so-called socialism period. I do not seem to want to believe that it would be precisely us Slovaks who could acquire a reputation as a cunning people for whom a full rice bowl is more important than the national pride for which we, after all, so ardently long. Surely, we are different than the Hungarians, Germans, or our nearest neighbors the Czechs. Our

political school does not begin until the 20th century whereas they are ahead of us in this respect. For that reason, it is all the more important, however, to remove that narcissistic sentimental veil from our eyes through which we see everything “Slovak” as being good or better than others see it. “Slovakness” is not even a qualification or a meritorious achievement. Let us already stop deceiving ourselves and let us look at ourselves without illusions. This examination is a struggle for the soul of the nation.

Positive Aspect of KDH Breakup Mentioned

92CH0418A Prague RESPEKT in Slovak
15 Mar 92 p 2

[Commentary by Peter Schutz: “An Act of Statesmanship by Jan Carnogursky”]

[Text] When ruling movements fall apart in Slovakia, they basically do it at the beginning of March. A year to the day after the breakup of the VPN [Public Against Violence], the same fate also befell the movement which at that time picked up the power lying loose on the ground. The resolution of the last republic-wide council of the unified KDH [Christian Democratic Movement] on 7 March 1992 states that the existence of two political concepts makes it impossible to approve a joint election platform. Even though many people do not agree with breaking up the movement, they are aware of the separate platform of Jan Klepac, who will be going into the elections as a new political movement with its own program and candidates list. Until June both wings will remain in the government coalition

A Doubtful Strategy

The Slovak Council of the KDH thus confirmed to the fullest extent the conclusions of yesterday's leadership session. The discussion indeed brought out advisory attempts by part of the delegates to steer the talks in the direction of restored unity, but the determination of the main protagonists in the separation proceedings was firm. It was surprising mainly in the case of J. Carnogursky, who two weeks ago in Vranov had a strategy of preserving the movement's units until the elections at any cost. He did not learn from the case of Fedor Gal, who in his own time made the same mistake and did not survive it politically. It was necessary to have taken action much earlier against both Meciar and Klepac. But it is possible that until the last minute Carnogursky believed in the integrating force of the Christian viewpoint and the joint goals as capable of bridging the different ideas as to the paths leading to accomplishing them.

Each By His Own Path

Finally, however, it was Carnogursky himself who decided on a radical split and a week after the precarious Vranov situation gave his rival an ultimatum to follow orders or there would be a parting of the ways. The

official statements of both parties were couched in a relatively conciliatory tone and in the council's resolution there was even a passage on the "regular consultations for the purpose of coordinating implementation of Christian policies." Despite this, it is not necessary to have undue fears that the KDH and the Slovak KDH (the working name) would be particularly close in the future. The sharply polarized Slovak scene is a guarantee that the distance between them will end up being substantially greater than would be called for by their difference in viewpoints. A spokesman for the Klepac group, Jozef Kuzma, at the Thursday briefing categorically denied any inclination toward the left, but there is not the slightest doubt that the split with the KDH excludes any other arrangement.

On the contrary, for the original KDH a place is being laid out for it to the right of center, closer to the ODU-VPN [Civic Democratic Union-Public Against Violence]. It is true, only if it finds the courage to occupy it. I fear that for a substantial part of the regular membership and the leadership this maneuver will be hard to swallow. They could be helped in this by Frantisek Miklosko, who has already signaled his switch over from the ODU if there was a fortunate breakup of the KDH. The civic principles of this party are obviously insufficient for its implementation at a broad "national dimension."

Bringing the Political Accents Into Harmony

The first indications lead one to believe that the immediate development could take this positive direction. The executive vice chairman of the KDH, Jan Petrik, at the previously mentioned briefing displayed a vocabulary of which not even Jozef Kucerak would have to be ashamed. He spoke of the desire to create a barrier to the left-wing ideologists, of the threat of the restoration of socialism, on replacing communist quotes with nationalistic phrases, and on the operations of social demagoguery and expressed the determination of the KDH to build the prosperity of Slovakia from right-of-center positions.

In a much more moderate form, Jan Carnogursky also pointed out something: "Certain political accents are set up so that certain relationships and nonrelationships are obvious." This statement can naturally have more than one explanation, but considering the situation in which it was made, it is more of a promise. To complete the threesome, along with Jan Carnogursky, Ivan Carnogursky went to the international conference on democracy and decommunization in Warsaw. He expressed the view that today communists and socialists of every stripe are marching under the nationalist banners of the HZDS [Movement for Democratic Slovakia] and the SNS [Slovak National Party].

Obviously we do not give ourselves the slightest illusions about the "rightness" of the authors of those quotations, but a strong will moves mountains. Finally they already do not have any other choice since others are already

riding on the nationalist wave which is closest to their hearts. What is worthwhile in those statements is not the anticommunism since the Slovak Christians have that in their genes and in the KDH it was present up until now, but pointing out the close connection between the national and the socialistic, which is entirely new in the KDH rhetoric.

A Preelection Calculation

If the new KDH proves capable of crossing the Rubicon, it would mean a truly dramatic turnaround on the Slovak scene, which has been bent to the left. Despite the delayed separation, it is obvious that the original platform is still substantially stronger than the Klepac splinter party. Moreover, they can now address themselves to the "nationally unawakened" Slovak Christians that Klepac was blocking from the KDH.

If we figure, despite today's preferences, on the ODU-VPN getting a very modest 10 percent, the Democratic Party with the crutch of the ODS [Civic Democratic Party] smoothly topping 5 percent of the votes, and Carnogursky a fully realistic 15 percent, there could be an honorable defeat made out of the predicted great debacle of the Slovak right. And one still has to reckon with Zitna Island and the other southern regions with a rich harvest of Hungarian parties which would understandably cooperate with a democratic bloc should the need arise. If Meciar keeps his word and does not enter into a coalition with the SDL [Party of Democratic Left], it could happen that only a minority government will be put in power in Slovakia. In the federal context this would mean staving off the well-known catastrophic scenario consisting of a takeover of power by the left.

Splitting up the KDH might then go down in the history books as the most important act of statesmanship of Jan Carnogursky.

Lack of American Investors' Enthusiasm Explained

92CH0434A Bratislava SLOBODNY PIATOK in Slovak
20 Mar 92 p 3

[Commentary by Vlado Bibel: "Dances Around Investments"]

[Text] Foreign capital and its effect in our country are the topics of these days and will be the topics of the future. It will be interesting to observe—also in terms of the interests on the part of the Slovak entrepreneurship sector—what attitude toward investments will individual political parties adopt during their election campaign. Furthermore, there are certain questions that do not have clear answers.

On the one hand, it is indisputable that our economy needs foreign investments because capital in general is scarce, which also means a lack of jobs. By the same token, however, many people consider it a threat that foreign entrepreneurs applying aggressive policies may

take over our best enterprises, assume in them controlling interest, manage them according to their own decision, and ignore our domestic interests.

At a recent press conference in Bratislava three Slovak entrepreneurs plus one representative of the opposition from the Slovak Ministry of Finances offered the audience of many journalists a solution. Foreign investors—yes, but ones who do not hold controlling interest, and who will not buy out our principal in order to import their own goods in our country. Be cautious about their inadequate diversification. So far they come primarily from Germany and Austria.

It is noteworthy that these views were presented by the representatives of the Slovak sector of entrepreneurship, who, as it follows from the logic of entrepreneurs' reasoning, are obviously trying to seize control for themselves. They did not refrain from advertising their ventures and from informing the journalists that people still hold considerable savings which are paralyzed in savings banks, while they would be able to put them into circulation in their newly established bank. That point was probably the only time that the participants expressed their disagreement; one of them noted that savings banks can put such assets into circulation just as well.... But I would not want to disparage the presentations by ambitious Slovak entrepreneurs; we are glad to have such individuals.

The fact that Austro-German investments have the greatest share of all foreign capital in the CSFR was noted also elsewhere. Deputy Secretary of State Lawrence Eagleburger and Deputy Defense Minister Donald Atwood addressed a conference sponsored by the Overseas Private Investments Corporation (OPIC) in the United States. They stated that only 5 percent of the registered 5,500 capital inputs in the CSFR come from the United States.

(According to the data of the Federal Bureau of Statistics, it was even less at the beginning of this year—of the 8,119 foreign partnership enterprises registered in the CSFR, Germany held 44.6 percent, Austria 29.6 percent, the Netherlands 13.3 percent, the United States and Switzerland 2.9 and 2.6 percent, respectively. The rest was divided among 29 other countries.)

Thus, American enterprises are lagging behind German companies. Unlike the Americans, Germans feel more at home in the Central European environment and in general, are willing to take a long-range view of their future profits rather than to aim merely at instant profits. With the Americans, it is just the opposite, which, according to Lawrence Eagleburger, does not reflect the attitude of the management of corporations but rather of the shareholders who allegedly forget that in order to achieve long-term profits it sometimes pays to operate at short-term deficit. The U.S. deputy secretary of state noted the case of the newly industrialized countries, the so-called four tigers, in Southeast Asia where

farsighted American entrepreneurs are now reaping considerable profits. He said that in the same way it is worth taking risks in Czecho-Slovakia not only because of the promising prospects for investing in certain branches but also because of the opportunity to get a foothold in our market which has millions of potential new customers and what is more, which will once become part of the market of the European commonwealth.

It seems that next to several controversial aspects under discussion, the much criticized Austro-German penetration into the CSFR has another one: It may stimulate companies from other countries to greater activity. However, the United States and many other potential investor countries are suffering from economic depression which is rarely an auspicious time to venture into unknown waters.

New Prague German-Language Weekly Profiled

92CH0417A Bonn RHEINISCHER MERKUR/
CHRIST UND WELT in German 6 Mar 92 p 14

[Article by Rudolf Stumberger: "In the Footsteps of Egon Kisch: A New German Newspaper in Prague Wants to Promote a Dialogue Uniting Nations"]

[Text] In the middle of Prague's Panska Street a bronze plaque commemorates the "raging reporter," Egon Erwin Kisch. In the 1930's the two-story rococo-style building housed the PRAGER TAGEBLATT, the most renowned German newspaper in the former Czechoslovakia, to whose reputation names such as Franz Kafka, Max Brod, Franz Werfel, and Egon Erwin Kisch contributed. A newspaper that almost to the end, until the invasion of the German forces in 1939, adhered to its liberal course.

On the fourth floor of Na-Florenci Street 19 of the maze-like RUDE PRAVO press building, Uwe Mueller sits next to a massive, but empty safe from the olden days and has his hands full. He is editor in chief of the new weekly PRAGER ZEITUNG, the latest German-language publication in Prague, which invokes the honorable tradition of the TAGEBLATT. And the title has also been reserved, even though Uwe Mueller knows that it "would now be presumptuous to desire to continue something that absolutely no longer exists." For "this cultural symbiosis of the past has irreparably disappeared." A cultural symbiosis, which, prior to 1938, was nurtured by the German, Czech, and Jewish intellectual milieu and made Prague into one of the centers of German literature.

Now the German minority in the CSFR numbers just 52,000 members and the PRAGER ZEITUNG is mainly aimed at them. It owes its existence to the frictions of the now five competing German associations in Czechoslovakia. Editor in Chief Mueller formerly had the same function with the PRAGER VOLKSZEITUNG until his attempts failed to provide a newspaper that is comprehensive and transcends the jealousies of the associations: "I noticed that the old people still called the shots and

the club fanaticism is probably the same everywhere, regardless of whether in Germany or here."

Thus the idea of a new newspaper developed with a foundation, whose name stands for a program, acting as publisher. Bernard Bolzano, Catholic priest, philosopher, mathematician, and social utopian, was born in Prague in 1781. In his philosophical treatise "On the Best State," he considers a type of open league of nations as the ideal solution for Europe and places the individual, civil principle above the national principle. In the pilot issue of the new newspaper the Prague writer, Petr Prouza, administrator of the Bernard Bolzano Foundation, therefore, explained its mission: It wants to devote itself to the dialogue uniting nations and above all to the positive aspects in the common history of Czechoslovakia, Germany, and Austria.

To become a voice of the new Europe of the regions, that is the program of the Prague editors. They have big plans: "We want to become a newspaper that covers Central Europe's German language area. In this connection we are thinking of Poland and Hungary but also of Austria in addition to the CSFR," as Uwe Mueller explained his plans.

For the time being, Mueller, age 37, is still fully engaged multifunctionally to gain control of everyday editorial life. For, even though the cultural environment of the PRAGER TAGEBLATT is irrevocably lost, the new newspaper in any case seems to have one thing in common with its famous predecessor: creative chaos. The five editors of the newspaper sit in three rooms and fight not only for the correct number of words but also with subscription orders, suppliers, and accounting.

"In the beginning, we approached things somewhat naively," the editor in chief believes in retrospect. "When the first issue was completed, we noticed that we also needed an advertising department and a corresponding distribution department." The bulk of the 10,000-copy circulation is sold in Czechoslovakia; about 1,500 copies find their way to Austria and Germany. The PRAGER ZEITUNG at present is still financed by grants. The Czech government donated 560,000 korunas as initial aid, 300,000 korunas was received from the Austrian embassy, 600,000 korunas from the German embassy, and the Free State of Bavaria also participated.

The production costs per copy are eight korunas, by far not covered by the five korunas for street sales and three korunas for subscriptions. The income from advertising is of course extremely small in any newly started newspaper and will probably remain small in view of the lacking German-language environment. To place the financing of the newspaper on a firmer basis, the intention is to intensify interesting foreign investors in the paper.

In the meantime, the weekly has been regularly published since the pilot issue last October. On a total of 16 pages the editors try to cover all the classical subject areas, from politics, economics, and culture all the way

to sports. In the paper literary articles are printed next to commonplace reports. Obviously the editorial staff is still struggling for a consistent conceptual presentation.

Structure, Scale of Foreign Investments Analyzed

AU1704102492 Prague LIDOVE NOVINY FINANCNI NOVINY supplement in Czech 15 Apr 92 p 1

[Article signed "jv": "Privatization and Foreign Capital; German Investors' Position Remains Dominant"]

[Text] In an extensive article in the No. 12 issue of FINANCNI NOVINY we discussed the founding of enterprises with foreign ownership stake within the department of the Czech Ministry of Industry. The article stated, among other things, that foreign capital worth 18.6 billion korunas was invested in 84 enterprises administered by the Czech Ministry of Industry in 1991 and that, according to the agreed timetable, an additional approximately 18.7 billion korunas ought to be invested in the coming years. Today's article considers statistical data on foreign capital investments in the Czech industry provided for in the privatization projects submitted by 15 February 1992. These data provide some evidence of the prospects of individual companies.

On the basis of the submitted projects, a significant increase in the participation by foreign capital is to be expected within the framework of the first privatization wave. This is true of all branches of Czech industry, particularly of construction and building materials production, capital goods production and heavy-current electrical engineering, but also of general engineering (among the most important projects under preparation in this field are the Avia Prague-Liaz Jablonec-Mercedes-Benz, Tatra Koprivnice-Iveco, and Karosa Vysoke Myto-Renault Vehic. Ind. joint ventures), metallurgy, and chemical industry. Overall, over 78 billion korunas worth of foreign capital are to be invested in 126 enterprises within the jurisdiction of the Czech Ministry of Industry, of which more than 24 billion korunas are to be invested within the privatization process. The remaining approximately 54 billion korunas of foreign investments have been agreed upon in contracts that should follow up on the implementation of the privatization projects.

In only four cases do the submitted projects provide for foreign capital entry in excess of 5 billion korunas:

CEVA Kraluv Dvur, a.s. [shareholding company]—holding
Poldi United Steel Works Kladno, s.p. [state enterprise]
Tatra Koprivnice, s.p.
Avia Prague, s.p.—Liaz Jablonec, s.p.

In 17 other cases do prerequisites exist for foreign capital in excess of 1 billion korunas to be invested:

Mokra Cement and Lime Works, a.s.
Skoda Plzen concern, a.s.
Skoda Prague, a.s.

Barum Holding Otrokovice, a.s.
 Hranice Cement Plant, a.s.
 Prachovice Cement and Lime Works, s.p.
 Spolana Neratovice, s.p.
 First Brno Engineering Works, a.s.
 Dolni Jirany Brick Works, a.s.
 EJF Brno, a.s.
 Sokolov Chemical Works, a.s.
 Cizkovic Cement and Lime Works, a.s.
 Prefa Usti nad Labem, a.s.
 Prostějov Iron Works, s.p.
 Feron Prague, s.p.
 Precheza Prerov, a.s.
 Teplotechna Prague, s.p.

An additional 16 projects provide for foreign capital entry in excess of 500 million korunas:

Montovane stavby [Building Erection Works] Prague, a.s.
 Ostrava Cement Plant, s.p.
 ZVU Hradec Kralove, s.p.
 Autopal Jicin, s.p.
 Plastimat Liberec, a.s.
 Mosilana Brno, s.p.
 Elektropřístroj [Electric Tools] Písek, s.p.
 Pragocement Radotín, a.s.
 Carborundum Electríte Benátky nad Jizerou, s.p.
 Akra Ceske Budejovice, a.s.
 Stavby silnic a železnic [Road and Railroad Building Works] Prague, s.p.
 Teramo Vapenna, s.p.
 CKD Semiconductors Prague, a.s.
 Frigera Kolin, a.s.
 Akuma Mlada Boleslav, s.p.
 ZPA Trutnov, s.p.

The privatization projects of an additional 48 enterprises provide for foreign capital investments in excess of 100 million korunas. The remaining 41 cases [of privatization projects reckoning with foreign investors' participation] provide for a volume of foreign capital investment that is below 100 million korunas.

The territorial division of the foreign capital that is to be invested in 1992 and the years thereafter corresponds with the situation in 1991, with the German, Swiss, and Austrian capital representing over 65 percent of all foreign capital. Compared with 1991, the range of foreign partners will be expanded to include investors from Finland, Japan, Luxembourg, and Denmark and there will also be an increase in the proportion of Italy, the United States, France, Switzerland, Austria, and Great Britain in the foreign capital total. Both these factors will have an impact on the position of the German capital.

The FRG's position will remain dominant but its proportion in the total volume of foreign capital to be invested in the Czech industry will decline from 77 percent in 1991 to approximately 58 percent. In terms of proportion in the total capital to be invested, the second place is held by Italy (about 9.6 percent), followed by

Belgium (approximately 6.7 percent), the United States (approximately 6.2 percent), Switzerland (approximately 6.2 percent), and France (approximately 5.8 percent). It seems that the interest of major Japanese companies [in investments in the CSFR] will remain small.

CNR Discusses First Quarter Economic Figures

AU1504084592 Prague HOSPODARSKE NOVINY
 in Czech 10 Apr 92 p 1

[Report by Petr Stepanek: "Turnover Tax Has Slumped"]

[Text] The Czech Republic state budget has completed the first quarter with a cash surplus of 5.5 billion korunas. The figure for the same period last year was 4.1 billion korunas. Czech Finance Minister Karel Spacek revealed these figures yesterday at a session of the Czech National Council [CNR] Budget and Control Committee.

The federal budget, as he said, returned a surplus of 0.6 billion korunas and the Slovak budget had a surplus of 2.2 billion korunas. However, Minister Karel Spacek is not overestimating the Czech budget, because overall revenue—minus financial settlements—amounted to 50.8 billion korunas, that is, 22.6 percent of the approved annual budget. In fact, revenue was 6.2 billion korunas lower than had been expected. As in 1991, there has been a slump in turnover tax and employment tax in particular. Czech Republic expenditure amounted to 52.3 billion korunas, that is, 20.4 percent of the annual budget. This is 11.7 billion korunas less than the aliquot sum [alíkvotní částka]. This surplus has been achieved in a situation in which large savings have been made in expenditure and in which the revenue required has not been completely attained. The signs for the next quarter are not good. Therefore, main attention must be focussed—first and foremost—on better revenue.

Specific regulating measures were introduced for the first quarter. Drawing on the departments' expenditure (apart from the health department) has been restricted. On Wednesday [8 April] the Finance Ministry distributed letters on regulating expenditure during the entire first six months of the year. Again this does not concern the Health Ministry or the Ministry for the Administration and Privatization of National Property. Forty-six percent of resources for education during the first six months of the year have been released and 40 percent upwards of the resources for the other departments have been released. Expenditure proceeding from the law—for example, social security and pension payments—is not regulated.

Minister Spacek also pointed out that it is necessary to take into consideration expenditure not contained in the Czech budget. The largest of these is the 1 June approved pension adjustment for which 3.9 billion korunas will have to be found for the remainder of the year. Therefore, further savings have to be sought.

A Czech budget deficit of 13.6 billion korunas was recorded last year. The 5.2 billion koruna surplus prevailed in local budgets. The Czech government will propose a 9.8 billion koruna reimbursement by means of state bonds. It is envisaged that they will mature within five years and should be oriented toward the banks, not toward the population.

As far as utilizing last year's federal state budget surplus is concerned, the Czech government agrees with the provision of 1.2 billion korunas to partially repay Czechoslovak National Railroads' [CSD] credit instead of extraordinary subsidies to cover the republics' deficits. However, if, despite this, the railroads should separate, the ratio should be 2:1 (Czech Republic, Slovak Republic). In the Czech government's opinion, money for the CSD should be purposefully linked to the repayment of debts owed to the manufacturing enterprises, especially for locomotives and wagons. As Karel Spacek said, this provides a guarantee that these debts will not just dissipate. The CNR Budget and Control Committee supported these aims.

Proposals To Restructure Czech Science, Research

92CH0432A Prague TELEGRAF in Czech
19 Mar 92 p 6

[Interview with Antonin Baudys, vice chairman of Czech Republic government, by Jan Novak; place and date not given: "Laws on Czech Science"]

[Text] Vice chairman of the Czech government Antonin Baudys (Czechoslovak People's Party) was, as the chairman of the newly established Council for Science and Technology, entrusted with the drafting of laws on the Czech Academy of Science and on science and technology. These laws will determine in an important way the status, organizational structure, and financing of science in the Czech Republic. We therefore asked A. Baudys several questions about their content and impact, as well as the circumstances in which they came to be.

[Novak] What preceded the drafting of these latest proposals?

[Baudys] Both laws were supposed to be submitted a year ago, but because they contained some legislative inadequacies, and because in the case of the law on the Academy we were unable to find a solution which would satisfy both the Academy and the representatives of schools, Minister Dyba (Civic Democratic Party) withdrew the draft law from the government's program. During the session for the presentation of comments, neither the representatives of schools of higher education nor the Ministry of Education made any substantive suggestions. The sole suggestion by Minister Vopenka (Christian Democratic Party) appeared only later. The government therefore asked the Council for Science and Technology to rework and submit both draft laws within 10 days.

[Novak] What was the essence of Minister Vopenka's suggestion?

[Baudys] He basically wanted to abolish the Academy, put some of the institutes under the jurisdiction of the Ministry of Education, and establish a new ministry for higher education and science. In the first stage, the Ministry of Education would have to take over a substantial part of the baord's functions, and he wanted to integrate in some way the institutes of the Academy into the system of universities and schools of higher education. The goal was to increase the level of those schools with respect to the technological base and the quality of the teachers.

The original idea was that the institutes would have full legal status, and by voluntary association would form the Academy. This solution was unacceptable both to the Academy and to the representatives of the schools of higher education.

Each of the institutes would be a partner for the Ministry of Finance in preparing its budget, it would have to come into being by law and cease to be by law, and the amendments of these laws would have to be approved.

Representatives of the Academy of Science were of the opinion that this would mean its total liquidation. In addition, a potential integration into the school system would precipitate the departure of many members, because they could not be forced to teach where they do not want to.

There are also other obstacles, namely, that staff members of the Academy are paid better than teachers in the schools of higher education. If a top teacher from the Academy were to lecture at one of them, he would receive an assistant's salary because the positions of assistant professors and professors are filled, and instances where these people are less qualified than those who would come from the Academy are no exception.

[Novak] What are the objections of the schools of higher education?

[Baudys] We know of instances where they are vigorously opposing it, because people from the Academy mean competition which could reveal their deficiencies. Minister Vopenka has a complicated situation here, because according to the law on schools of higher education he cannot intervene in the filling of positions in those schools. If someone is today a professor or assistant professor according to existing regulations, he has tenure and will remain there forever. Then it can easily happen that he has no more motivation to improve his education, etc.

Representatives of the schools of higher education sometimes feel inferior in relation to members of the Academy of Sciences. That is because the Academy receives substantial amounts of budget money directly, whereas money for scientific work in those schools is very restricted and the ministry can use it also for

purposes other than scientific work. Criticism of the quality of research in schools of higher education is therefore unwarranted, because they have not had the means, and, moreover, the number one task there is teaching. But that must be supplemented by and suitably linked to scientific work. In the Academy the number one task is basic research, linkage to applied research, and only then linkage to schools of higher education. But that linkage cannot be forced through law.

[Novak] What was your position on this?

[Baudys] I was against this concept, because it means centralization of science and ensuing integration of scientific institutes into the structure of schools of higher education. Besides that, I think that it would destroy the possibility of competitive environment in the sphere of science. During the past 40 years, science in this country was directed by bureaucrats—and this would be actually something similar. I am not saying that in the future some of the institutes could not be integrated into the system of the Ministry of Education, but then the Ministry would have to have a different look. In today's ministries the continuity with the former regime has not been severed yet. Thus far, nobody has prevented the cooperation of scientific and research schools, institutionally or legally. But if the Academy is abolished and as a result the scientists leave, then it will be difficult to put the scientific structures back together.

[Novak] The Academy has the reputation of an ossified, not very productive institution. Are those people really so good that they would have somewhere to go?

[Baudys] For the top academicians doors would be open in industry and businesses. They could even go abroad where they could gain experience, but, of course, the question is whether they would come back with it. However, the Academy should really make some substantial changes. It must be more closely interlinked with teaching in universities and schools of higher education. In the Academy, directors of many of the institutes call for much greater freedom and less dependence on the Academy's board of directors.

[Novak] What would be the nature of the changes, then?

[Baudys] In the draft law the structure of the Academy is made looser, each institute is an independent legal entity, and has full legal status. Monies earned by work performed outside of its main activity are its income apart from the budget and therefore belong to it in their entirety. Besides that, they can associate on a contract basis with universities and other legal entities or persons. At the same time, the legal status of the board is retained for necessary functions. According to our draft law, the Academy will be able to abolish institutes and establish new ones, and will represent all the institutes of the Academy in relation to the state budget before the government and the Ministry of Finance.

[Novak] But that, of course, means that the Academy will have the institutes fully in its power.

[Baudys] It will not, because it is up to the institutes whether they want to be part of the Academy. They have full legal status.

[Novak] So that if, for example, the Academy decides to abolish an institute, the institute can sever its ties to the Academy?

[Baudys] It must do so according to the transformation law, because in our draft law there are references to the transformation law and the law on cooperatives. Institutes can take advantage of it, work out a privatization project, and leave the Academy on that basis. But they cannot leave the Academy and continue to be a benefiting organization, because with the transformation they become part of the private sector. Since there is no time limit in the transformation law, they can make such a decision any time.

The board of the Academy must discuss the proposal and make certain that it is in accord with all the rules on transformation. Then, as the founder, it approves the move.

[Novak] Can the Academy prevent an institute from becoming independent?

[Baudys] It cannot. It is the same thing as when any factory is detached from a state enterprise. If an institute wants to become associated with some school of higher education, it can do so after reaching an agreement with the Academy and the school.

[Novak] Then is the director of an institute an employee of the Academy or of his institute?

[Baudys] He is an employee of the institute, but he is named and recalled by the council of the Academy. It cannot be otherwise, because if the institute had a full legal status and there was nobody above it, it could do what it wants with its property, it could sell it or privatize it, the scientific workplace could be abolished, it could be rented out, used for another purpose, and that cannot be because it is all financed with state money.

[Novak] What influence do the institutes have on the decisions of the Academy?

[Baudys] The board, which is the highest body of the Academy, is made up, besides other elected scientific representatives, also of directors of the institutes.

The law on the Czech Academy of Sciences represents only the first step in the overall structural changes of scientific work in the Czech Republic.

[Novak] About the second draft law—on science and technology—no such discussions have taken place. Why is that?

[Baudys] This draft law assumes the establishment of the Council for Science and Technology. It is a body that provides the Czech government and the republic with expert opinions and proposals for the distribution of

special-purpose and institutional finances. It also establishes the Grant Agency of the Czech Republic. This is an agency for special-purpose financing of scientific work and development of research-intensive technologies. It will be a legal entity. Practically anybody (a legal entity as well as a person) can apply to this agency for a grant (money specifically earmarked for some special project or R&D). The agency gets its money from the state budget as well as from other sources. Grants are allocated on the basis of a public competition. The agency will have only the necessary service staff, the main officials, however, will be the board of directors, the supervisory council, and the chairman. The board will approve the announcements of public competitions for special-purpose grants, it will submit the statute and the budget of the grant agency to the CR [Czech Republic] government. At the head of the grant agency will be an executive director who will be named or recalled by the chairman.

[Novak] But the Council for Science and Technology already exists.

[Baudys] The Council for Science and Technology, of which I am the chairman, came into existence on my initiative before the law on science and technology goes into force, precisely so that it could begin work ahead of time on establishing the organization and statute of the grant agency, and so it could start work on the principles of financing and distributing certain budget reserves for science.

[Novak] What will be the next steps for this law?

[Baudys] Both draft laws were cleared by the government with some small suggestions which we worked out, and the government is submitting them to the Czech National Council [CNR]. These laws were discussed in cooperation with representatives of the CNR Committee for Science, and members of the scientific community represented in the CR government's Council for Science and Technology (staff members of the Academy, directors of institutes, chancellors of schools of higher education, representatives of departmental institutes, and CNR representatives) approved them without reservations. I would personally consider it highly improper if any of them would want to push through some substantial changes by way of the CNR.

[Novak] When can we expect these laws to be adopted?

[Baudys] I assume that they will be approved in principle already during this election period, and it cannot be ruled out that on the deputies' initiative the articles of both laws will also be worked out as well.

Background of Porybny's Detention Clarified
92CH0432B Prague LIDOVE NOVINY in Czech
24 Mar 92 p 9

[Commentary by Jiri Franek: "How Editorial Offices Are Stolen"]

[Text] Many arguments have already been heard on the subject of the prosecution of the editor in chief of RUDE PRAVO—most of them biased and misleading. Besides the overriding effort to politicize this whole affair, there has also appeared the tendency to make light of it by pointing to the fact that the Borgis joint stock company is not the first and only one that took over an established editorial office and an established network of subscribers to publish a newly registered newspaper.

That is true. There is indeed a many times repeated model, according to which "new" names were established, such as MLADA FRONTA DNES (formerly MLADA FRONTA), CESKE A MORAVSKOSLEZSKE ZEMEDELSKE NOVINY (formerly ZEMEDELSKE NOVINY), etc., which differ from their predecessors only by a small change in the masthead and the number of printed copies. The purpose of the "operation" was probably different in individual instances, but the technique was always the same.

An example of this model is the separation of the "flagships" of the publishing house MLADA FRONTA, that is, the daily MLADA FRONTA and the journal MLADY SVET, from the "mother enterprise," where this model was obviously used for the first time. Originally this was just a protracted argument between the editorial staff who knew that the entire enterprise depended on their work for its existence, with the leadership of the enterprise (which has fortunately succeeded in detaching itself already at the beginning of 1990 from its original publishers, that is, the Socialist Youth Association, or rather from its successor, the Youth Association). The original idea probably went like this: create a system where the producing sectors of the enterprise sections, therefore the daily MLADA FRONTA and MLADY SVET in particular, will pay for the specific services of the enterprise's administration, documentation, building maintenance, car transportation, etc., and in addition will contribute a portion of their profits to subsidize children's magazines. Part of the pressure on the enterprise leadership, which was not able (or willing?) to create such a system was the threat that they would break away, spoken for the first time already sometime in January 1990. At that time this was just idle talk, but as time passed and impatience grew, it began to be meant more and more seriously. Toward the end of spring, the editors in chief of the daily paper and MLADY SVET asked legal and financial advisors for assistance, and at first as an alternative and in the end as the only way out of the situation a "fiendish" plan was devised, which then both editorial offices implemented in coordination.

They established new joint stock companies whose shares were bought by the editors and other employees. The entire staff of both editorial offices then gave notice all at the same time, so that they ceased to be employees of the MLADA FRONTA publishing house and became employees of the new joint stock companies, which, naturally, also applied for registration of their "new" names. Otherwise everything else stayed in its old place,

while the inventory, premises and services were bought or rented by the joint stock companies from the publishers. The publishers agreed to it. Maybe while gnashing their teeth, but basically they had no other choice.

All that was done essentially in the open and legally, and the accounting is in order. The "fiendishness" of this trick is that the tangible assets of the editorial offices (even modern ones, equipped with computers) are by and large negligible. What creates the profits is the established name of the newspaper or journal, the list of subscribers, and above all the readers' partiality for the name that is the result of many years of work by the editorial office. Those, of course, are intangible values.

I am deliberately citing the example of MLADA FRONTA and MLADY SVET (without disclosing any

secrets, in the journalistic community this story is very well known) where the mechanism of the transfer, which does not appear to be the cleanest one, is obvious, but dirty motives can hardly be proven. This mechanism was then repeated several times, although motives and circumstances may have been different. The difference between the MLADA FRONTA case and the RUDE PRAVO case lies clearly in the fact that in the former case the publishers obviously did not have grounds for defending themselves by filing a suit.

In a similarly to-the-point fashion, as I tried to describe the first case, the second one could be described as well. Maybe it would be a good idea, and certainly much better than arguments about political background of the prosecution of the editor in chief, if RUDE PRAVO would write something like this about itself.

Situation of Ukraine's Hungarians 'Encouraging'

92CH0450B Budapest NEPSZABADSAG in Hungarian
28 Mar 92 p 3

[Article by Cs.N.: "There Is No Anti-Hungarian Sentiment in Our Area"; Sandor Fodo on the Concerns That Preoccupy People in the Lower Carpathian Region"]

[Text] The legislative proposal concerning the status of the Lower Carpathian region has been completed, the county general meeting has accepted it, and at present it is pending before the Ukrainian Parliament, according to a statement by Sandor Fodo, head of the Cultural Association of Hungarians in the Lower Carpathian region, to NEPSZABADSAG and to an MTI reporter.

Fodo said that a legislative proposal was introduced to the effect that the region would be declared a free trade zone. The fact that Ukrainian head of state Kravchuk said that the case of the Beregszasz [Beregovo] autonomous Hungarian district might be settled this year was encouraging.

Fodo announced that it is their goal to proclaim that the entire Lower Carpathian region is an independent administrative unit, and to guarantee for Hungarians personal autonomy. The initial steps have already been taken: Red, white, and green flags have been placed on council buildings in every Hungarian settlement.

Although at present there exist no anti-Hungarian sentiments, Fodo believes that Hungarians are underrepresented as compared to their actual number. But the Hungarian Cultural Association may become a significant political force in the Lower Carpathian region.

"A Hungarian-Ukrainian rapprochement could be of great help in achieving our objectives. We were glad that Mr. Tkacs temporarily became the charge d'affairs at the Embassy of Ukraine in Budapest, and we would like him to be appointed as ambassador," Fodo stressed. "Good relations between Hungarians in the Lower Carpathian region and the charge d'affairs reach back for many years. The Ukrainian leadership has realized that no unclouded relationship could exist between the two countries without settling the fate of Hungarians in the Lower Carpathian region. We hope that significant results are going to be produced this year," Fodo said. Among other matters, alleviations may be expected in the framework of small border crossings. The issuance of permits will be simplified, henceforth they will authorize transit on 12 occasions. Three weeks ago the Ukrainian-Hungarian joint committee has agreed at Ungvar [Uzhgorod] that the four transit stations near Zahony and Csap [Csop] that were closed last year would be reopened, and that the authorization for small border transit would be extended throughout the entire Lower Carpathian region. "This could cause concern in Hungary, and we ask for understanding," Fodo said. "All this is important to us so that the people over there [in Hungary] recognize what little Hungary is capable of

doing. The prestige of Hungarians is on the increase, and this gives us added strength," Fodo concluded.

MDF 'Liberals' Score Csurka, Demonstrations

92CH0450A Budapest 168 ORA in Hungarian
17 Mar 92 pp 14-15

[Interview with Istvan Elek and Jozsef Debreczeni, parliamentary representatives of the Hungarian Democratic Forum, by Gabriella Lantos in Szeged on 13 March: "Antall-Hankiss Conflict; Grave Confusion of Roles; Istvan Csurka's 'Merits'"—first paragraph is 168 ORA introduction]

[Text] Everyone can celebrate 15 March according to his faith and free will this spring—these words were part of Mayor Gabor Demszky's proclamation to the citizens of Budapest. Based on their faith and free will a few political organizations decided to organize a mass demonstration in front of the television and radio buildings, protesting programming policies. The Liberal Workshop of MDF [Hungarian Democratic Forum] representatives stated that participation by MDF members in the demonstrations would amount to a grave confusion of roles. A majority of the MDF faction distanced itself from this act of distancing, because it did not want to distance itself from MDF members and sympathizers. Gabriella Lantos asked two members of the Liberal Workshop, Jozsef Debreczeni and Istvan Elek, about this matter on Friday, at Szeged, after a meeting.

[Lantos] Could this distancing be interpreted to mean that you did not agree with press policies represented by a majority of the MDF?

[Elek] Let me correct this statement right now: At issue is not that a majority of the MDF faction shall support the demonstration being organized—the subject of our statement; the problem is that this group does not find it necessary to indicate in the form of a statement that in its opinion MDF members must not participate in this demonstration.

[Lantos] Accordingly, does this mean that a majority of the MDF faction does not approve of this demonstration?

[Debreczeni] It is difficult to answer this question, because no vote has been taken in this regard. At issue is that a majority of the faction felt that since a few MDF organizations declared that they would participate in the demonstrations, a position taken by the faction to the effect that it did not approve of such participation would create the appearance of lack of unity within the MDF in the eyes of the country and the world. We, on the other hand, believe that if something goes wrong with this demonstration, if atrocities occur, this could create a far greater problem for the MDF than the appearance of lack of unity. In other words, we regard as a confused role playing a situation in which MDF members tell their own prime minister on the street what they think of the president of the television. We felt that a statement like

this would be very significant irrespective of what happened, and that it could be of great benefit to the MDF.

Is He Suited To Be a Leader?

[Lantos] Everything you just said does not make it clear to me whether you agree or disagree with Jozsef Antall's initiative to investigate Elemer Hankiss, i.e., that from a practical standpoint he set in motion the dismissal of Hankiss.

[Debreczeni] I agree with Jozsef Antall's action, because grave conflicts evolved between him, as the appointing authority, and Television President Elemer Hankiss, and these conflicts are apparent. To mention just one example, the Television president disregards the legal process chosen by the prime minister, a process that has been approved and affirmed by the office of the prosecutor. I believe that the consequence of such grave conflict must be an order issued by the prime minister to examine the suitability of such a person to occupy a leadership position.

[Lantos] Why did the Committee on Cultural Affairs not dare to take sole responsibility in deciding this matter? Were they not brave enough? Why was it necessary to involve the Committee on the Constitution? Can't you decide whether Elemer Hankiss is suited for that position?

[Debreczeni] To the best of my knowledge, Prime Minister Jozsef Antall's letter to the president of parliament includes a request to the effect that since the problem is of a legal character, it would initially be appropriate for the Committee on the Constitution to examine the matter and to take a position. Thereafter the matter could be dealt with by the Committee on Cultural Affairs.

[Elek] The law on appointments provides that our committee express its view concerning the president, and the same path would be followed in case of a possible recall.

[Debreczeni] I believe that deciding whether the president is well suited to perform his functions is actually the prime minister's function. And once he made a decision it is the function of the Committee on Cultural Affairs to take a position. In reality, the position taken by the Committee on Cultural Affairs is not decisive with respect to this issue.

[Lantos] Would you then say that the fact that Jozsef Antall requested the Committee on Cultural Affairs to perform this examination, he already pronounced judgment over Hankiss?

[Debreczeni] Well, perhaps he did not pronounce judgment in the matter, but one could undoubtedly assume that he was seriously thinking about recalling the president of the Television after the two committees stated their positions. Incidentally, I am very sorry that this matter has gone so far. I see a mutual responsibility in this regard, on part of both the governmental forces and the head of the Television. We have been preparing the

media law for a long time. This is a two-thirds law. I believe that the problems experienced by the Television and the Radio could be resolved if the legal framework in which they operated was clear. Apparently, these conflicts cannot be resolved simply and with certainty without a law. I regret that we have reached this point.

[Lantos] This is just one too many conflicts as of recently.

[Debreczeni] Indeed, a political conflict may be expected because the same issue that arose with respect to the appointment of nominees for vice presidents may once again be placed on the agenda. In other words, the issue of how the president of the Republic is going to interpret his powers under the Constitution.

[Lantos] And is there going to be another stalemate if he interprets his powers so that he does not recall Elemer Hankiss?

[Debreczeni] Well, in that case he would not be interpreting his powers according to the position taken by the Constitutional Court, but would exceed the scope of his authority, in my view. But he might view this situation as one that could create a grave conflict.

Recall Consistent With the Law

[Lantos] Three weeks ago you wrote in 168 ORA that one of the most important criteria of democracy is missing wherever openness is in the hands of government. Does it not appear in the present case that the fate of openness, or at least the fate of a definitive part of openness, the fate of television is in the hands of the government?

[Debreczeni] I believe that what I have written is correct, but this threat is not at all indicated by the present situation. A possible recall would take place in a manner consistent with existing legal provisions. Moreover, not according to some old remnant of a law created by the party state, but according to a law adopted by the new parliament in the fall of 1990, with the affirmative vote of a 98-percent majority.

[Lantos] The fact that Jozsef Antall has initiated an investigation of Elemer Hankiss, he is acting under pressure from Istvan Csurka, who called the president of the Television a "jabbery shuttle traveler," and it would not be difficult to imagine that Csurka was not overly fond of Elemer Hankiss.

[Elek] This unfortunate expression has indeed been used in conjunction with Elemer Hankiss, and I am not pleased that an MDF politician uses such expressions. And most likely, there is truth to the fact that this kind of critique has played a great role in the fact that the situation has evolved thus far. But we must consider that this is the existing situation today. Today, a prime minister cannot remain silent after what has happened between him and the president of Television. We could

and should discuss the matter of what brought us to this point. But today's situation is given. And in this situation even the prime minister's latitude is limited.

[Lantos] Could it be that Istvan Csurka has lasting merits in the deterioration of the relationship between the press and the MDF?

[Elek] It is possible, because I have written and talked about this earlier, and I am telling this to 168 ORA just now, that Istvan Csurka has played a role in accomplishing that our relations with the press are worse than they could be. I continue to maintain this position.

Restrictions on Press, Media Questioned

92CH0475A Budapest KRITIKA in Hungarian
Mar 92 p 3

[Article by Gabor Halmai: "'Alternative Thought' and Tolerance"]

[Text] Just before Christmas, the leadership of the Budapest Police Headquarters proudly announced to the public that after nearly four months of tenuous investigation they managed to seize a wire suitable to serve as an antenna, a Walkman headset and a microphone. The investigators claimed that the bounty could serve as indirect evidence in a criminal proceeding against the operators of a pirate radio called Prohibited Radio. (Whether radio broadcasting without a permit could be viewed as a criminal act would deserve separate analysis, unquestionably, however, Paragraph 213 of the Criminal Code of Laws does exactly that.)

Doubtless, based on the 1986 press law still in force, Prohibited Radio should have applied for a permit before broadcasting its programs on the 95.5 UHF frequency. On the other hand, no one is entitled to receive such a permit since July 1989, due to the frequency moratorium, so they claim. The odd aspect of this matter is that contrary to public belief and official arguments, no legal provisions ordering that a moratorium take effect can be found. Although it is true that the National Assembly has passed a resolution in August 1990 obligating the government to submit a legislative proposal concerning the frequency moratorium, no such law has been enacted to date. Under such circumstance, not only the operation without permit of the Prohibited Radio is illegal, but so is the moratorium. The stop on frequencies is in its third year now, it hinders independent radio and television companies to enter the media market monopolized by the state, and thus also the free expression of opinion in the electronic press.

The campaign against Prohibited Radio is a serious blow to openness, because these few young men decided to broadcast for subcultures (Gypsies, the homeless, etc.) that could fall outside the scope of the interest of listeners of both the public service and the commercial radio. After all, from the outset, commercial programming permits the market to select values, while the

public service radio does not necessarily reflect all community values. At the same time, community radios similar to Prohibited Radio do not necessarily wish to comply with the requirements attached to public service broadcasting. For example, one could not expect a program that broadcasts avant garde music for youth to include regular news reports.

Accordingly, if the media law now being prepared fails to provide an opportunity for broadcasting to small communities, these values may be left out from a very important field of social communications, because the holders of these values themselves do not necessarily have the means to communicate. This, in turn, also serves as an obstacle to regenerating civil society. For this reason, in addition to public service and commercial program broadcasting, the law should establish the institution of uncontrolled and profit motivated community broadcasting, providing to such media a certain part of the available frequency spectrum, but leaving frequency allocations to the interested groups.

Up to now, indictments based on inciting against the community have been the most frequently used avenues under the Criminal Code of Laws to restrict the free expression of opinion. Several criminal proceedings have been initiated in 1991 mostly for articles published in newspapers regarded as "defamatory," but some of the defendants were authors whose books viewed as having an inciting content.

Toward the end of August, the police seized as "material evidence" all copies of the No. 4, 1991 issue of ANARCHISTA UJSAG arguing that substantial grounds existed to believe that publication of that issue constituted the misdemeanor, i.e., a milder form, of inciting against the community, and within that, offending religious denominations. This newspaper was published by the Budapest Group of Anarchists on the occasion of the Papal visit, and was sold during the visit.

Criminal proceedings under the more serious category of incitement have been initiated against a permanent outside contributor to BEKES MEGYEI HIRLAP because of the political articles he wrote and published in the newspaper. Proceedings were initiated on the basis of a complaint filed by an MDF [Hungarian Democratic Forum] National Assembly representative from Bekescsaba. The complaint asserted that the ominous article "incited hatred against certain groups of the populace." The offended groups of people were "elected National Assembly and local government representatives, the elected leaders of parties, and in general, all those who took an active part in politics."

A confused book filled with racial hatred entitled *Osszeesküvés [Conspiracy]* by Aron Monus, a Hungarian author residing in France, printed at the Szegedi Press, and presumably published by the French publisher Interseas Editions has been distributed in Budapest since the summer of 1991.

Similarly, the prosecutor's office initiated proceedings in the summer of 1991 against Jozsef Szendi, the author of *Csendorsors, [The Fate of a Gendarme] From Hernad-nemeti to Florida*, published by the Miskolc organization of the MDF. Szendi is a former member of the Arrow Cross Party and a war criminal. The memoirs of the former Gendarme are replete with statements suitable to incite hatred against Jewish and Gypsy communities, according to the indictment.

A representative in parliament questioned the supreme prosecutor in May 1991 concerning "certain extreme right-wing phenomena." In his speech he asked the representative of the prosecution to initiate criminal proceedings against the editors of the periodical HUNNIA, and against the authors of certain articles that appeared in issue No. 18 of that periodical.

In February 1991 the Budapest District 10 and 17 prosecutor indicted the editor in chief, the deputy editor in chief and the responsible editor of the weekly newspaper SZENT KORONA for 14 statements made in various issues of the newspaper in 1990, its second year. Regarding the statements subject to the indictment, the authors were charged of having committed the misdemeanor of incitement—the milder version of the offense, while the rest of the cases were claimed to have satisfied the criteria for the graver version of that crime.

On the first day of the trial the defense for the editors of SZENT KORONA conditionally objected on grounds of bias, "insofar as any member of the judicial council could have been of the Romanian nationality or of Jewish origin." The court ruled out the objection, but the chairman of the judicial council suspended the proceeding and requested the Constitutional Court to decide whether the Criminal Code of Laws provisions concerning incitement violates the right to freely express one's opinion, as that is guaranteed by the Constitution. All courts and prosecutor's offices have suspended all pending cases involving incitement until the Constitutional Court hands down a decision.

The Constitutional Court has not opined in this regard as of the date of this writing.

The common feature of all these cases is that in every case, representatives of the power structure found it necessary to use legal means to restrict the expression of opinion. I am certain that these banned words and thoughts evoked the dislike, and often the disgust of many—moreover, in most instances of a majority of the society, and in many instances rightfully so. (I confess that I, too, was filled with disgust as a result of one or another statement that appeared in SZENT KORONA or in HUNNIA.) But the question is whether the expression of such contrary feelings, regardless of how strong they are, suffice for the restriction of their publication. Could we adopt the Jacobin thesis according to which "no freedom should be granted to the enemies of freedom," the way this was done by the understandably outraged SZDSZ [Alliance of Free Democrats] politician who filed the complaint against

HUNNIA, claiming that "... here we are not dealing with some miscellaneous views that could be argued, or which deserve to be argued." I am convinced that a truly liberal view of this matter would advocate "free debate with the enemies of free debate," based on Condorcet's principle of tolerating intolerance.

Prohibitions imposed by the majority on the minority purely on the basis of the contents of its views are far more difficult to justify, because there is no guarantee that the majority is correct. Accordingly, one should not place a weapon in the hands of the majority by which it can deprive the minority of publishing its views.

The dangers of this "solution" could be clearly seen in certain cases during the past year in which offensive terms were left without legal consequences. For example, no proceedings have been initiated against MDF Representative Emil Bogdan, for his notes entitled "But Who Is my Fellow Man?," broadcast as part of the radio program VASARNAPI UJSAG and published in the 14 May 1991 issue of RING. His statements were no less suitable for inciting hatred than others we have mentioned before.

Are there limits to the free expression of opinion? I am convinced that there are. I would draw the line for these limits—in other words, where the freedom of expressing one's opinion ends and criminal sanctions begin—where the prohibition to call for violence begins. But even at that, I would add: The call for violence must "hold out the promise of success," because depending on the context, a statement could either evoke violent reactions or could be totally ineffective.

I am aware that not even this criterion would render definite every vague concept contained in the law. It would take a real judge to decide whether a statement made on the floor of parliament by independent representative Janos Denes on 13 November 1991—a year after the death penalty has been abolished—exceeded the limit: "... there is nothing to be said about Mr. Mor Sztamari and about other low-ranking crooks, as long as we have not hanged the chief criminals—Marosan and a few of his associates...." Could it be that his televised words encouraging violence served as a stimulus to the man who three days later—also before television cameras—boasted about having killed two people and announced two more murders? I am inclined to believe that the SZDSZ representatives distinction fits these cases: They involve not only an opinion, but passion and anger inciting violence.

Similarly, one cannot regard as mere opinion certain passions that broke loose early this year at the Budapest Kobanya-Kispest metro station when an African black man stabbed to death a young Hungarian. Both the printed and the electronic press reported about the calls expressed when the scene of the crime changed into an ad hoc place of worship, including the following inscription: "Death unto them! Let us unite! Persevere!" The

call produced its "results," because within the next five days 13 foreign students studying in Hungary were attacked in Budapest.

This case well exemplifies that the limitation of various expressions under criminal law cannot be judged in the abstract, removed from time and place. There is no need for restriction in democracies where, for example, the anti-Gypsy "opinion" expressed by skinheads evokes nothing but a smile and/or contempt from the public. Suppressing such views may be justified however, as long as violent reactions by members of society cannot be ruled out. Doing so is the function of not only the organizations that persecute crime, but also of the mass media, which are particularly "hazardous workplaces" from the standpoint of creating hatred, and violence that flows from hatred.

In any event, restricting the expression of opinion is impermissible, as long as the opinion, however contemptible it might be, has reached this threshold. Quite naturally, any interest or right affected by the expression of such opinion should receive every necessary legal opportunity for defense, following the expression of opinion. For if we permit intolerance to regenerate itself, and drive "alternative thinking" to the absurd, we will once again be threatened by the tyranny of "prevailing sentiment and views." Eva Ancsel asks this question in her beautiful writing published in the Christmas issue of *MAGYAR HIRLAP*: Is it possible to tolerate if someone is different? Her timely and true response went like this: "I do not believe that any truth could be sustained without exposure to the thoughts of others. An intellectual heart attack threatens if these arteries are cut off."

Radio Chairman on Programming, Expectations

*AU1504183992 Budapest NEPSZABADSAG
in Hungarian 14 Apr 92 p 9*

[Interview with Csaba Gombar, chairman of the Hungarian Radio, by Gyula Varsanyi; place and date not given: "In the Changing Power Conditions—Csaba Gombar on the New Radio Program Structure and Political Accusations"]

[Excerpts] [Varsanyi] Since the introduction of the new program structure on 6 January, the operation of the Hungarian Radio has been increasingly criticized and often attacked by various sections of society and the political sphere. Earlier, you promised that you would pay attention to criticism and that you would be prepared to change the programming if necessary. What are your experiences of the last three months?

[Gombar] I would not like to go into minor details just now. We will implement a small correction in the programming on 5 May, and we will fully inform the listeners beforehand. I would rather talk about the fact that it is hard to assess the dissatisfaction of listeners over the new program structure that we introduced after several months of preparations. This is because our

programs have been broadcast in the middle of a political campaign since January. This campaign involved religious programs. [passage omitted]

However, for the time being, it is impossible to draw more thorough conclusions about the program structure. Not because some of the viewers who sent in letters liked the new programs—it is debatable how much such spontaneous reactions reflect the views of the whole audience—and not because of the political campaign. The past three months is too short a time to make an overall assessment. This is why we can only make small corrections in the near future.

[Varsanyi] Many people think that it is premature to specialize the three channels at a time when only the medium-wave Kossuth channel broadcasts can be received extensively in Hungary and beyond the borders. This is why there is a move to maintain the previous model of a "national main channel."

[Gombar] There is a considerable demand for making the Kossuth channel into a "talking channel." We have been requested in a letter from the prime minister and by prominent members and public figures of the legal profession to pay more attention to publicizing the laws enacted by parliament. We agree with this, although we have already made some efforts to this end. [passage omitted]

[Varsanyi] How do you react to the accusation of being overtly political?

[Gombar] Certain government party politicians put this in such a way that the radio is against the government. In fact, phrases like the vast majority of the Hungarian Radio's programs are antigovernment are well known. I would only humbly say that the radio need not be called antigovernment just because it does not take a pro-government tone. Obviously, we are not infallible. We certainly make many mistakes during the many tens of hours of broadcasts each day. However, it is not possible to create an unbiased view from what one happens to hear. There is a need for a professional content analysis of important political programs. We have already ordered such an analysis. [passage omitted]

[Varsanyi] In the case of the chairmen, it is not clear who they are responsible to and what their scope of activity is. This is not good for you, either.

[Gombar] This situation can only be changed if a media law is passed. No kind of government interference or political declarations can help. All the small-minded noise surrounding the Radio and Television actually indicates that there are not any big problems. The two institutions do have relative independence. If it was all quiet around us, that would be a problem because it would mean that the government coalition acquired enough positions to satisfy itself.

[Varsanyi] However, some of the prominent members in politics say that all they want is political balance in the radio, too.

[Gombar] Everyone preaches neutrality and impartiality, but actual program times and appointments are in the background. All such interventions, especially if the legal framework was also set up for them, would result in a sad situation as far as democracy is concerned. [passage omitted]

Finance Official Views Privatization

*AU1504163592 Budapest MAGYAR HIRLAP
in Hungarian 13 Apr 92 p 10*

[Interview with Tibor Pongracz, political state secretary at the Finance Ministry, chairman of the board of directors at the State Property Agency, and secretary of the Economic Cabinet, by Gyorgyi Rajna; place and date not given: "I Do Not Want To Fire Anyone"—first paragraph is MAGYAR HIRLAP introduction]

[Excerpts] Some worries were created by the appointment of Tibor Pongracz to the head of the board of directors at the State Property Agency [AVU], and, for a moment, it seemed that the managing director would leave his position. He stayed, and the emotions have calmed down. Is this only temporary, or is there any reason for further worries at the AVU?

[Rajna] You started one of your speeches by saying that you were not very tactful and you would rather not answer the question if you do not know the answer. However, you are a political state secretary, you fill in for [Finance Minister] Mihaly Kupa in his absence and, while he is here, you are the ambassador of finances in diplomacy. In other words, in addition to professional knowledge, you also have to have a great political sensitivity. Why did you accept this post?

[Pongracz] I only wanted to say that I did not want to give favors to my audience, but I would rather say what I know and what I think. [passage omitted]

[Rajna] The real surprise was that, in addition, you were also appointed chairman of the board of directors at the AVU and secretary of the Economic Cabinet. All of a sudden, you had rather diverse jobs and occupied important decisionmaking positions. How will you be able to cope, when all three areas are new for you?

[Pongracz] Being a secretary of the Economic Cabinet is not such a big deal. We do not have an economic top ministry, although we could do with having one. The cabinet plays its role instead. As a political state secretary, my advantage is that I do not need to be a financial man, and I need not only represent the narrow interests of the ministry, therefore, I can be an economist-politician. This makes maneuvering pleasant for me. This is why I do not completely want to leave the AVU at the mercy of the central budget.

[Rajna] You have touched on a sensitive issue. Some worries were indeed created in the AVU when you were appointed chairman of the board of directors, because, through your person, the Finance Ministry can make decisions limiting the work of the AVU and making the budget view prevail. [passage omitted]

[Pongracz] Look, this is quite impossible. I have always been against transferring the incomes from privatization to the central budget. It would be more useful to use these amounts to promote privatization, to establish a guarantee fund, a reorganization fund, and to secure the credit conditions for the potential entrepreneurs. I may even use them for improving advertising, because, for example, who knows in Italy that a poultry processing plant is for sale in Debrecen? In other words, I do not see any conflicts, although they might arise later.... [passage omitted]

[Rajna] You have been leading the board of directors for two months now. What are your experiences?

[Pongracz] We do not have enough staff. It is impossible to carry out privatization with 150 people. I do not want large overhead expenses, but it is impossible to work well as we are. The other big problem is the lack of capital. It is hard to get loans, and the interest rate should be lowered. This is why we do not have a middle class, although it would be needed. We should also use some new privatization methods, like leasing and employers' buy-out, and we should make clear the methods of management buy-out. The results of the foreign advisory enterprises should also be examined and their work assessed. I have many good and many bad experiences in this area. [passage omitted]

[Rajna] What problems do you see in privatization? What would you change first?

[Pongracz] I do not know if we were diligent enough in the sale of the retail chains. We sold the chains without syndicate agreements that would have protected the Hungarian market.

[Rajna] Do you mean that the foreign companies fill their outlets with outdated stocks while the Hungarian industry is going bankrupt for lack of orders?

[Pongracz] Yes, this is one thing. In addition, we cannot protect our market with customs tariffs. A small country has to take the needs of the strong countries into consideration. However, we should learn the sophisticated methods of protectionism that could help us. [passage omitted]

Tax Office Assesses 1991 Figures

*AU1504093592 Budapest NEPSZABADSAG
in Hungarian 11 Apr 92 p 9*

[Article by "T.T.L.": "This Is How the Tax and Finance Control Office Sees It—Unemployment, but Average Pay Increased by 27 Percent"]

[Text] It is hard to get authentic statistical data in the current information jungle; therefore, the records of the Tax and Finance Control Office [APEH] may be the most reliable starting point for the assessment of economic changes.

According to newly published assessments, many more enterprises (some 350,000) gave account of their previous year's activities in 1992 than the year before. The decreasing size of enterprises and the establishment of corporate organizations characterize this growth. The number of new economic units was 10 times more than the number of those that ceased operation, and the number of limited companies and associations without corporate status increased by 42,000. The number of registered single enterprises is 437,000.

At the end of 1991, the amount of foreign capital was 215 billion forints out of a foundation capital of 2,439.6 billion forints in enterprises without a corporate status. This means that foreign investments that doubled in a year already represent 8.8 percent. Out of the bigger enterprises, this capital mainly went into engineering and food processing, and domestic trade and engineering lead the list of smaller enterprises.

Payment discipline has further deteriorated; more than half of the demands, some 433 million forints, are overdue debts, and 80 percent of this demand is made against domestic buyers.

At large and medium-sized enterprises, the number of people employed decreased by 481,000, and only a small portion of this was taken up by the newly formed enterprises, because the small enterprises operate with five people on average, while the single entrepreneurs operate with three to four people, including family members.

At a time of increasing unemployment, the total sum of wages did not change, which means that the average pay increased by 27 percent. The profitability of enterprises has considerably decreased and was less than half of the previous year's 306 billion [forints]. Increasing expenses and decreasing subsidies played a determining role in this, however, according to the tax authorities, even these negative factors did not justify the size of the fall in declared profits.

Net sales increased by nearly 10 percent, however, most of this resulted from the larger turnover of small organizations. Along with the 12-percent increase of income from exports, the 730 billion forint convertible currency sales income represented an increase by one and a half times.

Although the figures are not final because a number of people submitted their returns late or submitted them incorrectly, and others have not yet reached their deadline, according to the APEH, these statistics adequately describe the state and performance of the economy in 1991, in spite of the estimates and uncertainties present in them.

KSH Report on Small Agricultural Producers

92CH0414A Budapest HETI MAGYARORSZAG
in Hungarian No 10, 6 Mar 92 p 9

[Unattributed article: "Small Producers in Agriculture: Report of the Central Statistical Office"]

[Text] According to the data of the complete survey of small enterprises conducted in the course of the 1991 general agricultural census, there were 1,396,000 small farm producers in the country, 19,000 (1 percent) fewer than at the time of the previous census taken in 1986.

Of the total, about 70,000 farms are situated in an urban zone where the keeping of livestock is not permitted. These had not been included in the 1986 representative survey. Taking this fact into account, the number of small farms decreased in the same degree as they had between 1981 and 1986 (by 6 percent).

Of the surveyed 1,396,000 farms, 573,000 were considered to be small producers based on the size of the farmland (1,500 square meters [m^2] or larger cultivated farmland, or 800 m^2 or larger garden, orchard, and vineyard combined), and 823,000 [were considered to be small producers] based on the number of animals. (Of the latter, 638,000 also owned some farmland.)

One-third of the farms produce for the market, i.e., regularly sell agricultural produce beyond subsistence farming.

The process of aging of small producers that was experienced earlier has slowed down in the last five years. The number of farmers younger than 50 grew by 11 percent; their percentage within the population grew from 37 percent in 1986 to 41 percent.

The number of farmers 50 or older decreased by 8 percent. The redemption of land by produce or money is continually decreasing; however, quite a few older people can no longer cultivate their land and are thus leaving the ranks of small producers.

Of the farmers, 36,000 (2.6 percent) are self-employed agricultural producers. Apart from them, 232,000 smallholders (16.6 percent) are primarily employed in agriculture, and 277,000 (19.8 percent) are retired from agriculture. However, the overwhelming majority of small producers is not (437,000, or 31.3 percent) or was not (344,000, or 24.6 percent) employed in agriculture. Twenty-seven thousand smallholders (1.9 percent) are unemployed.

The number of people supported by the farms (family members, employees, etc.) is 8 percent less than five years earlier. The 1,396,000 smallholdings support 4,082,000 people, or 39.4 percent of our country's population. Of the 4,082,000 people, 2,723,000 perform some sort of work on the farm; of them, the number and percentage of retired agricultural and nonagricultural workers is especially high (900,000 persons, or 21.3

percent). Among the farms, 5,253 engage steady employees, altogether 9,905 persons.

Of the smallholders only 9 percent are graduates of agricultural schools. The proportion of college graduates is approximately 1 + percent. Approximately 2.4 percent graduated from secondary agricultural schools, and 5 percent participated in a course on agriculture.

Concerning the highest nonagricultural qualification, 3.7 percent are college graduates, 23.1 percent graduated from secondary school, and 63.5 percent finished elementary school. Of the smallholders, 15,000 persons (9.7 percent) did not complete elementary school.

One-fifth of all smallholdings, 290,000 farms, are managed by women. Fifty-eight percent of the land used by smallholdings is private property, 21 percent is leased, and 21 percent comprises household lots or land received as remuneration for labor. The 114,000 hectares [ha] of leased property are primarily leased from corporate bodies. The 119,000 ha of household lots or land received as remuneration for labor amount to only 49 percent of the 243,000 ha of land recorded in this category by large-scale farms; this means that 124,000 ha of land are cultivated by the large-scale farms, and the workers receive produce or money as household remuneration.

The Area Actually Used by Small Producers by Sectors of Cultivation

	(thousand hectares)				Total
	Private property	Leased	Household plot	Land received as remuneration for labor	
Plow-land	138	75	101	12	326
Garden	113	3	1		117
Orchard	15	3	1		19
Vineyard	38	9	3		50
Meadow	14	23			37
Forest	4				4
Reeds and fishponds	1	1			2
Agricultural area	323	114	106	12	555
Uncultivated	83	1	1		85

In the course of the survey we also asked the farmers about their plans for improvement and their future intentions in connection with farming.

- In addition to the 36,000 self-employed smallholders who support themselves by farming at the present time, 75,000 people indicated that they wish to be self-employed in the future. Fifteen thousand (20 percent) of them were recorded in Bacs-Kiskun county, whereas 8,000 (11 percent) were in Csongrad county.
- Less than 5 percent (64,000 farms) of the small producers intend to expand the cultivation of crops, 3.6 percent (51,000 farms) intend to decrease it, 1.5 percent (21,000 farms) intend to discontinue it, and the overwhelming majority (90 percent) intends to maintain it at the present level.
- 43,000 farmers (3.1 percent) intend to discontinue livestock-farming, 41,000 (2.9 percent) intend to increase it, and 133,000 (9.5 percent) intend to decrease it. The overwhelming majority (1,179,000, or 84.5 percent) wishes to maintain livestock-farming at the present level. The latter category includes primarily self-supporting farms.
- 92,000 small producers indicated that they wish to increase the size of their holdings: 60,000 by

reclaiming land [that belonged to them before nationalization], 8,000 by buying, and 24,000 by leasing and other sources.

The number of the more important farm machines used in smallholdings has greatly increased in the five years since the last survey. The number of 8 kilowatt [kW] and smaller two-axle tractors is almost 40 percent greater, and the number of tractors larger than eight kW is 70 percent greater than in 1986. There were 76 percent more power hoes, and exactly 60 percent more universal power garden tools owned by small producers than in 1986. (The majority of machines was owned by the farmers; the percentage of rented machinery is insignificant.)

In spite of the increase, only a fraction of the farms has any of the larger machines.

[Box, p 9]

Decrease in Livestock

According to the survey of the 1991 Central Statistical Office conducted on 31 December 1991, the livestock of the country decreased considerably in just one year. The rate of decrease was different in relation to the species of animal; while it amounted to 10 percent in the case of cattle, the stock of pigs fell to three-fourths its previous

level. On 31 December 1991, there were 1,420,000 cattle, 5,993,000 pigs, 1,808,000 sheep, and 36 million poultry in the country. The decrease in livestock is even more significant when we consider the last 10 years.

Animal husbandry is not stimulated by the fact that the purchasing of the most important animal products is continuously decreasing. Apart from the purchasing of slaughter cattle in the first quarter of 1991, the purchasing of all the more important animal products fell behind the amount procured during the corresponding time of the previous year.

According to preliminary data, in 1991 31,764 metric tons (14.5 percent) less slaughter cattle, 417 million liters (19.9 percent) less cow milk, and 129,298 metric tons (15.6 percent) less slaughter pigs were purchased than in 1990.

At the same time it may be a favorable sign for farmers who raise pigs that in December 1991, the average free market price of fattened pigs increased by 6.1 percent compared to December 1990, while the average price of shelled corn decreased by 4.8 percent during the same period.

Television Attempting To Obtain Use of Satellite

*LD2004075392 Budapest Kossuth Radio Network
in Hungarian 1830 GMT 16 Apr 92*

[Text] [Announcer] Political obstacles on the horizon of Hungarian satellite television broadcasting have been removed. The only subject for discussion now can be and are the technical conditions at our disposal so that the program of Hungarian Television reaches Magyarodom beyond its borders. My colleague Janos Dezsoe interviewed Istvan Hazai, director of the Frequency Management Institute.

[Begin recording] [Hazai] Similarly to the other former socialist countries, Hungary has had, for a rather long time, its own plan to launch its own satellite, or that these countries would jointly launch a satellite, and, from there, they would broadcast television programs individually. This plan has not been realized to this very day. However, this technology is available, and it provides very many advantages.

Instead of considering the launching of their own satellite, competent officials have thought that this same goal could be achieved by simpler means, by hiring an existing satellite. At present, there is a trial broadcast to confirm, by way of experience, that such a technical possibility provides a favorable solution economically and technically so that this program should be accessible to everyone within the country, indeed, by virtue of the characteristics of the technology, that this sort of program should easily get beyond the country's borders.

[Dezsoe] Allow me to ask a question: where, beyond the country's borders? This can mean many things. We are specifically interested in whether the Magyarodom who live in the diaspora in the West can watch this program, and what about those in the Carpathian Basin, thus the

Magyars in Transylvania, Yugoslavia, Karpatalja [Sub-Carpathia], Felvidek [now in southern Slovakia; the northern region of pre-1920 historical Hungary]?

[Hazai] The trial, in part, is directed at this. The issue at hand is that satellite channels which can be hired have a transmission with a different characteristic, from one viewpoint. It is expedient to choose the transmission characteristic which most satisfactorily meets the Hungarian aim. This means the type of device by which reception can be secured in which part of Europe. Type of device means the diameter which the parabola antenna must have. Obviously, a small antenna is cheap; in that case, a greater spread can be expected. In areas where it can only be received by a large antenna, far fewer people will be able to afford it.

Several options are possible. A solution could be found in which a good-quality service is available in a smaller area for cheap devices, and one could be found in which the area of provision is greater, but where almost everyone must secure greater purchasing outlays.

[Dezsoe] What do you think, what can the viewers expect? I know that, for example, very many people would like to watch Hungarian Television programs outside the country's borders. To date, there have been technical obstacles, and perhaps political obstacles to this.

[Hazai] There will be a trial transmission that will enable reception for practically all of Europe—not with equal facility, by means of 80-90 centimeter antennas in Hungary, which is in the center of the (?semicircle), and by means of parabola antennas which are about three meters, in the outer limits of the supplied area, which means a considerable material burden.

Therefore, if the decision is that this must be made possible in most of Europe, it can be accomplished; the price is that the possibility to receive it is somewhat more expensive everywhere.

[Dezsoe] We have not really spoken about when transmission can be expected, nor about whether you have information on what will be transmitted on this satellite broadcast.

[Hazai] I have always emphasized that the method of transmission can be chosen on the basis of a later decision. I had to put it in this way, because it is rather well-known in Hungary that there is a moratorium on transmission frequencies, which means that until the laws pertaining to this sphere are enacted there will be no frequency designations for new program services. This sort of technology belongs to this, too.

Therefore, the elements of preparation are visible for the situation when the moratorium is lifted and when it becomes possible to expand program services. However, the decisions regarding what it should be like depend on the stipulations and possibilities of the so-called media law. Therefore, hardly anyone can give a reply to this at present. [end recording]

[Announcer] Since this interview was made, the Hungarian satellite television program has got under way, on a trial basis. The other day, when I was in Transylvania, I heard in several places that there were

people who received the program. We ask our listeners to write to tell us for how long and where the Hungarian satellite television program can be received.

Senator: Only Coup Possible Would Be Communist

*AU1704114292 Warsaw NOWY SWIAT in Polish
13 Apr 92 pp 1, 2*

[Article by Piotr Gerczuk: "The Only Coup Will Be a Communist One"]

[Text] It is a fact that Ministers of State Mieczyslaw Wachowski and Jerzy Milewski, acting without the knowledge of National Defense Minister Jan Parys, tried to talk General Tadeusz Wilecki into cooperating with them and offered him the post of chief of the General Staff in return for his political support. The question is, by so doing have they violated the law and should they face the State Tribunal? An answer to this question may be possible when a special committee appointed by the prime minister has presented its findings. In a conversation with us, Senator Zbigniew Romaszewski said that the Sejm National Defense Commission may decide whether or not to refer this matter to the State Tribunal.

"I agree with Lech Walesa about the need for clear legal solutions," said the senator. "The constitutional provision giving the president command over the Army does not mean anything on its own. All it does is provide vague prerequisites for the kind of contacts that have occurred between the Presidential Chancellery and General Wilecki. I am surprised that for almost one and a half years the Office of National Security has been trying to formulate a separate military doctrine and holding talks with officers, but has done nothing to bring about a clear demarcation of powers between the state authorities. That is a very serious matter. One may be excused for thinking that some kind of contest between different cliques is taking place, instead of a serious attempt to clearly define who is in charge of the Armed Forces."

Nevertheless, the recent activity of Belvedere officials seems quite clear. "The powers of the defense minister are quite clear indeed," says Senator Romaszewski. "There is no doubt at all that the activity of Ministers Wachowski and Milewski encroached upon the defense minister's responsibilities. Whatever intentions the Office of National Security has had, it should have discussed them with Defense Minister Parys first." The senator added that he was convinced that attempts had been made to interfere with contacts between the defense minister and the president. "Although this is an entirely different subject, I hope this matter too will be resolved by a special parliamentary-government committee," said the senator.

We asked him to comment on the infiltration of the NOWY SWIAT printing plant by Office of National Security employees. "The Press Act clearly states when the press is entitled to refuse to cooperate with the state," he said. "In this case there was no justification for interference by state officials. If the law is broken, state bodies might ask the press for information, but the press is under no obligation to provide it. It retains the right not to reveal its sources of information. But these circumstances do not

apply to this particular case. The photograph which the Office of National Security officials wanted to confiscate was not a proper photograph. It merely showed a silhouette. It was not a photograph that provides information. If someone has a problem, he should talk to the paper's chief editor and let him explain. In this case, a raid on a printing plant looks like an attempt to apply pressure. It was totally impermissible."

We asked the senator whether a coup d'etat is possible in Poland. "I do not believe it is," he said. "Even so, someone could get the idea of reconstructing communist totalitarianism, a new system of course, but based on the old, tried and tested structures. The democratic forces of this country are not sufficiently organized to try to stage a coup, so if anyone wanted to do so, he would have to seek the involvement of the old structures, in other words the Army and police. These two forces contain people who know how to stage a coup d'etat. But I warn those dreaming of strong authority: If there ever is such a strong authority, it will no doubt be a communist one."

The final topic of our conversation with Senator Romaszewski was the international aspects of the latest events in Poland. The latest events, the senator said, have undermined the prime minister's prestige because they happened on the very eve of his very important visit to the United States, where he was due to hold talks with the U.S. defense secretary, among others. "One may ask what the prime minister's powers are," said the senator. "One may ask who is governing the country, who is governing the Army, whether the Army has disintegrated, or whether the Army is in control over itself. The events of the last few days cast a very suspicious light on Poland. For the good of the country, the issues raised by Defense Minister Parys must be resolved as quickly as possible. This issue has arisen in connection with the work of the Interior Ministry and Defense Ministry special services. It is no coincidence that the removal of the chiefs of these services has caused tension. I had major misgivings about the way in which these services were reviewed in 1990. They remain practically unchanged to this very day. I think it is essential to form new services, loyal to the new authorities. It is impermissible and dangerous for Poland to keep old services without knowing who they are working for."

Liberal Democrat Leader Denies Coup Plan

*PM1604144692 Lodz GLOS PORANNY in Polish
10 Apr 92 p 3*

[Article by Boguslaw Buraczynski on statements made by Donald Tusk, Liberal Democratic Congress chairman, during a meeting in Plock; date not given]

[Text] "Assuming full responsibility for my words, I state that the Liberal Democratic Congress [KLD] did not in any way prepare a military coup d'etat. In an address delivered 6 April to Polish Army General Staff officers, Jan Parys accused certain politicians—whose names,

however, he failed to disclose—of plotting political intrigues ‘to the detriment of the army and the country.’ I, too, met with our soldiers on several occasions, but during our meetings there was never any talk about the possibility of drawing the army into political wrangles. By making such allegations in his capacity as national defense minister, Jan Parys effectively disqualified himself from his post in the government and lost his standing with the public. Such ill-considered statements can result in serious international political repercussions,” KLD chairman Donald Tusk declared openly during a meeting with his party members in Plock.

“As a result of the many conferences that took place recently between the members of the ‘group of three’—that is, the KLD, the Democratic Union, and the Polish Economic Program [PPG] party—we have worked out a full mutual agreement. There are no significant changes in our positions. We simply confirmed our respective previously established positions,” the KLD leader asserted. “We are now working on the modes of future cooperation between the KLD, the Democratic Union, and the PPG (known also as the ‘Large Beer’ party) within parliamentary structures vis-a-vis the so-called grand coalition of 10 parties and political groups subscribing to different political orientations.

“Throughout the many talks and debates that we have held to discuss this important question, we have held to our deep conviction that, despite the differences in our views, the most essential challenge for the grand coalition now is to help achieve stability in Poland as soon as possible. However, this requires goodwill on the part of all partners. Though we acknowledge the emergence of some common arenas for mutual cooperation, the KLD will preserve its policy of moderate optimism, or even skepticism,” Donald Tusk stressed. “Peasant parties are the most unstable in their views regarding the major changes required. It has even reached a stage where one day we may all agree on the essential forms of a common consensus, and the very next day the Peasant Agreement Party will find fault with the terms of the consensus, using arguments which are at times nothing short of the ridiculous and not even worth considering seriously.

“In addition, Prime Minister Jan Olszewski is not an easy partner to work with. First and foremost, he lacks consistency in his actions. He is quite capable of changing decisions which have been already approved by the Council of Ministers and which aim in the long run to stem the economic and financial recession. Nor does he have clearly defined plans for the direction of the required democratic transformations. If we are to join the grand coalition of 10 parties, the government cabinet will have to be reconstructed so that all the individual major parties in the country’s political arena can have a meaningful say in the new configuration of power,” the KLD chairman insisted.

Mazowiecki Views Coalition Prospects

AU1504080392 Warsaw RZECZPOSPOLITA in Polish
8 Apr 92 p 3

[“Abridged” speech delivered by Tadeusz Mazowiecki, leader of the Democratic Union, at a meeting of the Democratic Union Council on 5 April]

[Text] I realized that the talks would be difficult, and that has been amply confirmed by their actual course. However, at the same time, it would be naive and rash to think that it could be otherwise.

As the final outcome of the negotiations is uncertain, I believe that one has to view the purpose of this undertaking in a somewhat broader context, from the angle of the political situation in the country at large. Political life in Poland, the concept of a young democracy, and the emergence of the fabric of a democratic party political system that is essential for a parliamentary democracy are all things that have become unsettled to a degree that is dangerous for the future. Everyone is suffering as a result, and that is borne out by attitudes toward the so-called political class. The mass of prejudices, mutual accusations, and suspicions not only makes it difficult to explain what genuine differences are about and where they lie, but in light of the parliament being so fragmented, it makes formation of a parliamentary majority impossible and it can lead to the young democratic system being compromised.

In the talks that we have now started, one has to force one’s way through this mass of prejudice. I would not say that all this is behind us now, but I would say the process has begun and that is a positive fact. The attempt to create a “grand coalition” has caused differences to emerge and even sharp divisions to arise in probably all groupings. How those differences are articulated is a matter of maturity and standards of political conduct.

A second development, the value of which has already been demonstrated during the talks that are to lead to the formation of a “grand coalition,” is the formation of a coalition made up of our groupings: The Democratic Union, the Liberal-Democratic Congress, and the Polish Economic Program, a coalition that we regard and should regard as being open to others, especially if the current talks and the reorganization of the Jan Olszewski government should end in failure.

These three weeks have enormously strengthened cooperation between our three groups. During the first round of talks with Prime Minister Olszewski, which dealt with our position regarding his initiative, I said that the talks must be “between two coalitions.” So, no one can pretend to be surprised at this now, or, having decided to participate in the talks, make a problem out of this assumption. The programmatic positions of the Democratic Union, the Liberal-Democratic Congress, and the Polish Economic Program are convergent, although not identical. This particularly applies to the program of national economic reform.

A "grand coalition" with our involvement is only possible if all three groupings participate in it. There is no substantive reason why any one of them should be excluded. There is, however, a substantive reason why we view the issue in this way: A "grand coalition," if it is to be a proreform coalition, must have a broad base. And it cannot be unstable and constantly exposed to the risk that other groupings, such as the Polish Peasant Party or Peasant Accord, whose positions are changeable, will be able to continue to avoid assuming their full share of responsibility for difficult decisions and will only issue demands and will continue to hold the balance of power by questioning how long such a joint undertaking can last.

Over the past three weeks, I have established that the leaders of the Liberal-Democratic Congress and Polish Economic Program, in deciding to participate in talks on a "grand coalition" have had the same intentions: To bring about a positive result and that it is their consistent and well-intentioned desire to remove all possible obstacles.

The first one and a half weeks concerned the question of how broad the coalition should be. I held talks on this with Prime Minister Olszewski and individual groupings. They also concerned the basic principles on which such a coalition could be built. Finally, there was the meeting on Thursday, 2 April, attended by leaders of 10 groupings (the seven groupings that make up the current coalition government and our three groupings). At the meeting, I set out, and Mr. Tusk and Mr. Bankowski were in complete agreement with me on this, the principles on which a "grand coalition" should be built and the goals of such a grand coalition. These goals include both political and economic undertakings.

The political undertakings are:

1. The passing by parliament of a new electoral code that will facilitate the election of a parliament that is capable of working effectively and can create a stable majority government;
2. The passing by parliament of a small constitution.
3. The ratification of the treaty on Poland's associate membership in the European Community without delay and without any difficulties.
4. To reach agreement on and implement a uniform Polish Government foreign policy by means of the institutions that are constitutionally empowered to do so.
5. A common effort to effect a fundamental change in the social climate surrounding the changes that are taking place in Poland, especially economic changes in order to counter, without avoiding objective criticism of the past three years, the practice of blaming that period for all the wrongs in the country.

Finally, there is a general principle concerning the character of a future coalition: Separating political agreement—which would take the form of a coalition agreement—from the ideological positions of individual parties and clearly affirming their right to preserve their own identity. I also set out tasks and goals with respect to economic issues: First, recognizing that the end goal of the changes to the economic system is a social market economy, which is understood to mean that the state will not seek to intervene in economic activity, although it will maintain an involvement in industry and infrastructure services. The state's main role will be to create economic rules that are based on respect for private property, the freedom to conclude contracts, and the unencumbered and undistorted free operation of the laws of the marketplace, with the exception of instances in which the public interest has to be particularly protected. These rules, which will then be given the form of a law, must be stable, and that is something that we should strive toward over the next few years by reviewing our legislation and bringing it into line with European standards.

The state will ensure that assistance is provided to persons who genuinely require it by shifting the focus of its activities from subsidizing services that are generally available to supporting specific persons. This will make it easier for people who have lost their jobs through no fault of their own to adapt to a new situation. Personnel who are unable to secure the means to maintain themselves will receive an appropriate level of assistance. The state will seek to ensure that young people enjoy equality of opportunity when starting out in elementary education, which is not an obstacle to introducing fees in special cases, particularly in the case of secondary level education.

Second, changes designed to create a social market economy that is able to compete with its partners as Poland moves closer to European Community standards require:

- The pursuit of a stable monetary policy aimed at restoring a balanced budget and reducing inflation to a single digit level within a period of two to three years;
- Focusing government activities and efforts as well those of managerial personnel on speeding up restructuring, commercially oriented operations, and the privatization of state enterprises as the main elements of policy to counter the recession;
- The completion of the reform of the taxation system by increasing the role of taxes on consumption and reducing the taxation of investment;
- The preparation and implementation of a reform of the state budget sphere in order to reduce it and to modify it through partial commercialization and privatization to meet specific social market economy conditions and by raising standards among state budget sphere employees;

- The preparation and implementation of a reform of the social welfare system, especially that of social insurance;
- The preparation and implementation of an offensive type export strategy, especially one designed to prevent Poland from being forced out of markets in the former USSR by creating a system of export guarantees for those markets;
- Finally, a radical improvement in the climate for foreign investment in Poland, countering the misunderstandings and falsehoods that are being circulated regarding this subject, an improvement in conditions for investment, especially with regard to the possibility of legally purchasing land for production purposes while guaranteeing national interests; the adherence to basic obligations of international financial organizations or the renegotiation of these obligations while maintaining good relations with the IMF and the World Bank.

These political and economic programmatic principles did prompt observations of one sort or another, but were not generally called into question. Representatives of the Peasant Accord and the Polish Peasant Party raised, but without initiating a general debate, the problems of agriculture and the need for a further programmatic discussion.

As we know, following a lengthy discussion, the meeting ended with the adoption by all concerned of a political agreement containing the following five points:

- First, representatives of the 10 groupings expressed their political will to create a "grand coalition" and to ultimately specify the programmatic goals underlying its formation;
- Second, taking the government's socioeconomic principles and the budget as well as our programmatic ideas as a point of departure, they acknowledge that there are no insurmountable differences between them;
- Third, they assert that agreement concerning the "grand coalition" is a political agreement allowing all groupings taking part in it to retain their identity;
- Fourth, the reorganization will encompass the entire government with the exception of the person of the prime minister;
- Fifth, they recognize the principle that all partners are to be treated equally and that is reflected in making reference to proportions of seats in parliament in the principles for reorganizing the government.

Events that occurred on the Friday and Saturday following the adoption of this five-point accord by the 10 groupings on Thursday, 2 April, and their declared readiness to hold further discussion on programmatic issues and the reorganization of the government caused the public to question the value of the agreement.

The first was the meeting held by the Peasant Accord, the Polish Peasant Party, and the Christian-National Union. The communique issued following the meeting stated that the groupings "do not see a possibility of accommodating an extreme liberal option within the programmatic framework of the government." Sejm Marshal Chrzanowski, with whom I held talks at his request, explained to me that he does not consider that statement to be a reference to the Liberal-Democratic Congress, and he affirmed his clear determination to work for a "grand coalition" and said that he considered the agreement adopted by the 10 groupings to be binding.

Second, there were the meetings held by the Polish Peasant Party, the Peasant Accord, and the Confederation for an Independent Poland. Following these meetings, Deputy Jagielski declared that a coalition was being formed that would provide an alternative to decisions adopted by the 10 groupings, and, speaking on television, he called on Prime Minister Olszewski to make a choice. I do not know whether this means that roles in the Polish Peasant Party's ruling bodies have been divided up in a way that makes it possible to play many different tunes at the same time.

We are not trying to avoid a programmatic debate on agricultural issues, but what we expect of the Polish Peasant Party and the Peasant Accord is that they should state precisely what concerns them instead of just calling for a debate.

Issues that affect the countryside and peasant groupings are too serious to be restricted to occasional polemics. I share the disquiet felt by peasant groupings over the decline in rural incomes over the past year and their concern that differences in living standards between town and country will increase further. However, it is the state budget and the condition of the state that determines what is possible. If there is to be a grand coalition made up of the 10 parties, then it is not possible to be both part of it and not part of it at the same time.

Finally, the third event over the past two days was Prime Minister Jan Olszewski's speech winding up the budget debate in the Sejm. I am not going to get involved in the polemics about whether it was we who changed our position or whether it was the government and the prime minister who changed their position after coming up against harsh reality as is reflected in the differences between the draft budget and their previous statements.

The rhetoric of Sejm speeches follows certain laws, and that applies to both sides, to deputies and to representatives of the government. However, there is a cast-iron principle, the one that doctors swear as an oath, which is also applicable to politics: *priumum non nocere* [do not harm].

In light of the talks that have been held so far and the events of the past few days in particular, there are three questions that can be asked, and the answers to those questions have to be verified:

1. Does the "grand coalition" want Prime Minister Olszewski? It is not possible to reorganize the government in defiance of the man that is to lead it.

2. Is what the Peasant Accord and the Polish Peasant Party and all the other groupings that took part in the meeting on Thursday, 2 April, told us was their political aim really that or are they just saying that? Do they want to act and act quickly and resolutely together with us to achieve the solution that has been proposed?

3. Do all those who adopted the accord, including the prime minister, realize that if this undertaking fails it could pave the way for solutions that are only partially democratic and that he who breaks with what has already been agreed will have to assume responsibility for having done so.

Geremek Discusses Views on 'Grand Coalition'

AU1404123292 Warsaw ZYCIE WARSZAWY in Polish
7 Apr 92 p 2

[Interview with Bronislaw Geremek, chairman of the Democratic Union Parliamentary Club, by Ryszard Holzer and Igor Janke; place and date not given: "An Alternative to a Grand Coalition"]

[Text] [ZYCIE WARSZAWY] Why do you not want the Democratic Union to join the "grand coalition"?

[Geremek] That is incorrect. I was completely in favor of Tadeusz Mazowiecki's talks, and I voted in favor of the Union joining the coalition. I think that if these talks succeed, it will be a success for the Union and for Poland. However, I doubted whether they would ever succeed, and that is why I kept quiet for almost a month.

[ZYCIE WARSZAWY] Is there any alternative to a government based on a "grand coalition"?

[Geremek] I do not like the apocalyptic tone that is being given to these talks. People say either the talks succeed, or there will be a disaster or dictatorship. I say there is an alternative to a "grand coalition." If these talks fail, it will be necessary to patiently build a political structure capable of achieving the necessary accord inside parliament and permitting the formation of a government that operates according to intelligent principles.

I reject the way of thinking whereby President Walesa is regarded as a danger and that the purpose of a parliamentary coalition is to offer protection against him. I reject the idea of creating politics by means of votes. Politics is created by means of programs.

[ZYCIE WARSZAWY] What is this coalition supposed to look like?

[Geremek] A reformist stream is emerging out of there groups, the Democratic Union, Liberal-Democratic Congress, and Polish Economic Party, and it could spread right across the Sejm. It was noticeable during the voting.

Given the country's present situation, perhaps the best government would be one formed on the basis of political prerogatives, and containing no key political figures. I think there is no point in supporting this or that scenario right now. One must think ahead and use one's imagination.

[ZYCIE WARSZAWY] But someone in the Sejm would have to vote for such a government. Between the three of them, the Democratic Union, Liberal-Democratic Congress, and Polish Economic Party have too few seats. Where would you look for coalition partners?

[Geremek] I would talk to the Center Accord and peasant groups. It is possible to reach a sufficiently durable accord surrounding a program and win enough votes to form a new government.

[ZYCIE WARSZAWY] Would you be willing to accept the task of forming it?

[Geremek] I think that I and other activists in the current political scene may jointly participate in creating such a programmatic alliance. The government would emerge out of it.

[ZYCIE WARSZAWY] But would there be a place for you in this government?

[Geremek] I am not concerned about that at the moment.

[ZYCIE WARSZAWY] How would the Democratic Union behave if Lech Walesa wanted to become prime minister?

[Geremek] There is no constitutional possibility of that happening. Despite all the reservations I have about President Walesa's statements, I hope that he not only poses no danger to Polish democracy, but also that he can stabilize it.

[ZYCIE WARSZAWY] But what if he did have the possibility of becoming prime minister?

[Geremek] I do not think a president-cum-prime minister is the best solution. A parliamentary accord and a government formed in collusion with the president is a better one.

[ZYCIE WARSZAWY] Are the present disputes inside the Union about joining the government a danger to its internal cohesion?

[Geremek] I do not think so. Despite all the negative consequences of these disputes, one advantage is that people no longer wonder if the Union is disintegrating.

[ZYCIE WARSZAWY] You are still pessimistic about the possibility of forming a "grand coalition" government?

[Geremek] I remain skeptical.

Security Official on Defense Controversy

*AU1504095892 Warsaw RZECZPOSPOLITA in Polish
11-12 Apr 92 pp 1, 3*

[Interview with Jerzy Milewski, chief of the Office of National Security within the Presidential Chancellery, by Krzysztof Gottesman; place and date not given: "There Was No Good Will"]

[Text] [Gottesman] What do you think of Minister Jan Parys' remarks last Monday [6 April]?

[Milewski] It is not my business to give opinions on remarks made by members of the government. It is not the Presidential Chancellery's role to make such assessments. That is something society and the parliament should do. All I can say is that the defense minister's remarks and some of the press reaction to them have made it look as if some kind of threat exists. That is not the case. It is merely a mistaken impression caused by rumors and a distortion of recorded facts and events.

Minister Parys said that the Office of National Security is in favor of the kind of doctrine and military restructuring that have already weakened the Army and made Poland militarily isolated. That is completely contrary to our proposals.

[Gottesman] What do you have to say about the reports about contacts with the commander of the Silesian Military District, General Wilecki? Have you had any contacts with him? If you have, what did you discuss with him?

[Milewski] I have met him once during the past three months. In order to clarify the entire situation, one must go back in time a bit. Last year, the Office of National Security and Lech Kaczynski, my predecessor, had many contacts with the Army. Kaczynski, I, and other National Security employees visited military districts. We met General Wilecki, and also visited several military units. We also invited officers to visit us. It was up to the military people we met to brief their superiors on these contacts, in accordance with the regulations.

This year, when cooperation between the office and the Defense Ministry began to get steadily worse, we discontinued these contacts. Nevertheless there was one such contact this year. General Wilecki invited me to visit him, which I did in accordance with the president's wish. The defense minister and prime minister both knew about this because General Wilecki had told his superior, the chief of the General Staff, about my many invitations. One month went by before the general could visit our office. There were always problems which prevented him from coming.

[Gottesman] Has General Wilecki visited Warsaw in the meantime?

[Milewski] I do not know, but I do not think so. Some time later the prime minister telephoned me and asked me if it was true that I was telling high-ranking military

commanders to come and visit me. I replied that I was inviting one general, just as I invite other state officials. I asked the prime minister whether there was anything wrong with that. He replied that there was not.

[Gottesman] Was the president told about General Wilecki's difficulties with coming to Warsaw?

[Milewski] One day, General Wilecki told me that once again he could not come to Warsaw because the defense minister had ordered him not to. I then asked the president if I was acting against his wishes by inviting the general. He said I was to meet Wilecki in order to convey some business to him.

[Gottesman] Did you talk directly to the president? The name of Minister Wachowski appears in this context.

[Milewski] As chief of the president's cabinet, Minister Wachowski is involved in all the president's organizational activities. After my talk with the president I asked General Wilecki to come to see me at the office because I was acting under the authority of the president, who is the head of the Armed Forces. I told Wilecki that if his superiors continue to stop him from coming, that would be tantamount to open opposition to the Polish president and an attempt to stop him from having contact with the military. General Wilecki then came to the office.

[Gottesman] What was the business you conveyed to him from the president?

[Milewski] At the beginning of January this year, the president told the defense minister and prime minister that he had changed his mind about making Admiral Piotr Kolodziejczyk chief of the General Staff. He had proposed Kolodziejczyk to this post the previous July. Following Kolodziejczyk's transfer to the reserve without the president's prior approval, Lech Walesa offered the post of chief of the General Staff to General Wilecki who, unlike Admiral Kolodziejczyk, was an officer of the ground forces. The president received assurances from the defense minister and prime minister that the new chief of the General Staff would be installed by 5 February. That was the scheduled date of the first meeting of the National Defense Committee since the formation of the new government. According to the new rules, the chief of the General Staff is supposed to be a member of that Committee. The president's offer to General Wilecki was never implemented. The president is supposed to appoint chiefs of the General Staff on the defense minister's recommendation, and yet Wilecki was not made, and has still not been made, chief of the General Staff.

There have never been any discussions on this subject between the president, prime minister, and national defense minister. We suddenly realized that General Wilecki had never been told by his superiors that he had been invited to become chief of the General Staff, therefore it was necessary to contact him directly and ask him whether or not he wanted the post.

[Gottesman] When did this conversation take place?

[Milewski] On 27 March, two days after the president had written to the prime minister to inform him of Minister Jan Parys' dismissal. General Wilecki thanked the president for his trust. This meeting was also an opportunity for a joint discussion with my colleagues about general army matters. When he left our office, General Wilecki went straight to the defense minister.

It is deceitful to describe our conduct as illegal activity that weakens Poland and as a blow against the constitution. On the contrary, it is interference in a democratically elected president's contacts with the military that is a blow against democracy.

[Gottesman] Was there any reaction from the prime minister or Minister Parys after this conversation?

[Milewski] There was no reaction from the Office of National Security, but the president has numerous contacts with the prime minister and government every day.

[Gottesman] Were there any talks with the government about a new chief of the General Staff after this conversation?

[Milewski] If you mean talks between the Office of National Security and the government, no.

[Gottesman] What do you think of the prime minister's role in this affair, which is in fact a dispute over who controls the army?

[Milewski] I have no authority to discuss that.

[Gottesman] But you do agree that it is a dispute about who controls the army?

[Milewski] As far as the president is concerned, the point is that he should be able to fulfill his constitutional duty as head of the Armed Forces responsible for their development. He should receive information on and have influence over what is happening in the Armed Forces, and not just be responsible for them. One cannot be responsible for something if one has no influence over it.

[Gottesman] Does the current system permit such responsibility?

[Milewski] No. The present system possesses enormous loopholes. The powers of the president, government, and individual ministers are not clearly defined. Nevertheless this system could work if there was a desire to cooperate.

Our partners in the Defense Ministry have not displayed any desire to cooperate, and that is the origin of the problem. The president was cut off from information. The defense minister is not formally obliged to discuss candidates for deputy minister positions or other personnel matters with the president, but if he had wanted to cooperate with the president, he could have discussed these matters with him. But all the personnel changes made by Defense Minister Parys came as a complete

surprise to the president, who is supposed to be the head of the Armed Forces. This is impermissible.

[Gottesman] What do you think of the document that was published in the Thursday [9 April] issue of NOWY SWIAT? What is it?

[Milewski] On the National Security Council's recommendations, our office commissioned the working out of a Polish defense doctrine. The first rough draft of this doctrine was discussed by the council on 5 February. The council adopted it and referred it to the Consultative Committee for further work. The Consultative Committee is the National Security Council's interministerial advisory body, attached to the office. I am the chairman of this Committee, which also includes Romuald Szeremetiew, vice minister of defense; Jerzy Makarczyk, vice minister of foreign affairs; Piotr Naimski, chief of the Office for the Protection of the State; the deputy chief of General Staff; the chief of Military Information Services; the commander in chief of the Police; and representatives of the Central Planning Office, Justice Ministry, and Office of the Council of Ministers. The Committee decided to delete from the defense doctrine all issues which have still not been legally settled but which should have been settled by now. It was agreed that an addendum would be added to the doctrine proposing certain legislative changes which the National Security Council could submit to the parliament, so that the parliament in turn could amend some laws, including the constitution. The point in particular was to clearly define the powers of the state authorities in time of war or major threat of war. Right now, Poland has no legislation about states of emergency. There still exists the 12 December 1981 decree on martial law, which of course is unsuited to today's times, and there is also the equally unsuitable State of Emergency Act of 1983.

Every country must be prepared for emergency situations. The Army also prepares itself for war, even though no war is planned.

The draft document, produced for the team that is working on the addendum for the Committee, has been misrepresented as a surreptitious treatise which our office has allegedly kept secret from the president, government, and the parliament. That is a white lie.

[Gottesman] Would you not say that the document gives most of the powers to the president and Office of National Security, bypassing the government?

[Milewski] I cannot give an objective description of this document. It was prepared for a working team below the level of the Consultative Committee. Only when the team has finished its work next Tuesday will it be possible to hold the first discussion on it. The document may undergo changes, especially because the Committee, which is going to work on it next, consists almost entirely of government representatives.

[Gottesman] What should be the powers of the Office of National Security?

[Milewski] That depends solely on the president and National Security Council, whose powers are yet to be contained in legislation and the future constitution. Everything is still uncertain right now. The office is the executive body of the council and the president's only backing in defense and security matters.

[Gottesman] What should be the division of powers between the president, government, and parliament?

[Milewski] The president is the head of the Armed Forces and must possess considerably greater influence over them as far as command is concerned. In wartime the president must conduct the country's defense, and so in peacetime he must also have direct command over the Armed Forces. However, he should not be involved in military administration, planning, and supplies, nor should he have anything to do with mobilization. The council should have greater influence on what is happening in the defense and security spheres, but we do not want a return to the pre-"roundtable" arrangement whereby the National Defense Committee was the command body, more important than the government. The council's resolutions should be binding upon the government. Because the council includes the prime minister and four other ministers, that should be sufficient encouragement for the government to implement the council's decisions. Perhaps it should be stated in law that members of the government who also belong to the council must implement the council's resolutions within the scope of their authority.

I think the Polish army command structure should be subordinated to the president. The chief of the General Staff should also be answerable to the president as far as command, training, and defense preparations are concerned. Besides, the chief of staff is now appointed by the president, even though he is not answerable to him.

The present arrangement only works as long as there is good will on all sides. The president's motion to the prime minister to dismiss Minister Parys was justified because, given the present ambiguous division of powers, the absence of good will stopped this arrangement from functioning. If a minister cannot be compelled to cooperate with the president, he has to be dismissed.

[Gottesman] We know that moods inside the army have been bad for a long time. Has the present situation contributed to this?

[Milewski] There is no doubt that the present situation is causing tension inside the Army and rousing the fears of the officer corps, apart from which it is discrediting Poland in the eyes of the world.

[Gottesman] Do you not fear that the officers may look to two separate command centers; the president and the government?

[Milewski] There have not been any separate command centers. All that happened was that the president and his

Chancellery were cut off from information about the Army. There neither was nor is any question of a command center.

[Gottesman] But I have in mind the present situation, now that the conflict has been revealed.

[Milewski] I told you that Minister Parys made all personnel decisions without consulting the president, so there was only one command center. I hope the desire to cooperate will now return and the conflict will dissolve.

[Gottesman] Is there not, or was there not, a division among officers into those loyal to the president and those loyal to the government?

[Milewski] Every officer renews at every opportunity his declaration of loyalty to the head of the Armed Forces, in other words the president. The Army wants stability, especially in the present difficult economic situation. It lies in the Army's interests to be situated closer to the Presidential Chancellery, which is more stable and more immune to political vacillation and party coalitions.

[Gottesman] Are you sure Minister Parys will be dismissed?

[Milewski] That depends on the parliament.

[Gottesman] Will the prime minister seek his dismissal?

[Milewski] Please ask the prime minister. A motion to hire or fire a defense minister should be submitted to the parliament by the prime minister, in concert with the president.

Reprivatization Draft Law Discussed

92EP0304A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 14-15 Mar 92 p 1

[Interview with Narcyz Hofman, director, Department of Reprivatization, Ministry of Ownership Transformation, by Ada Kostrz-Kostecka; place and date not given: "A Judge or an Official? Who Will Decide on Reprivatization?"]

[Text] [Kostrz-Kostecka] Reprivatization is to be one of the basic methods of ownership transformation, as was declared during the last session of the Council of Ministers, which was attended by the president. So far, despite two years of preparation, a reprivatization law still has not been passed. What are the chances that the two-week deadline for a new draft of that law, as imposed by the Council of Ministers, will be kept? Will that draft be considered in late March by the Sejm as promised by Deputy Minister Janusz Krzyzewski to a Sejm committee in mid-February?

[Hofman] This is indeed a difficult question, because the hopes of former owners have been awakened, but, despite numerous discussions, the law was not passed by the Sejm in during its previous term and it still remains

more a political than an economic-legal issue. In February a new law began to be discussed. Without waiting for the previously agreed-upon deadline to arrive, the Sejm committee began to work on the new draft. The Union for Real Politics on its part also has worked out its own draft. Unexpectedly, our deadline has been shortened to two weeks by the Council of Ministers. I do not know whether the job can be done within such a short period of time, because other ministries are yet to comment on the scope of the new law and it has to be ratified by the Council of Ministers.

[Kostrz-Kostecka] How will the new draft differ from the old?

[Hofman] At first it was assumed that the scope of the new draft of the law will remain basically unchanged. As in the old draft, under the new draft the property appropriated by the state during the years 1944-60 in violation of the binding laws is concerned. This chiefly refers to the land reform law, nationalization, the water law, the law on the inland waterway vessels, pharmacies, manor and park complexes, and property seized for compulsory administration, except that some legislative refinements have to be incorporated. During the deliberations of the Sejm committee Minister Krzyzewski had proposed that the Zabuzanie [property owners from beyond the Bug River, that is, from the eastern part of Poland now incorporated in Ukraine and Lithuania] be excluded.

[Kostrz-Kostecka] And that proposal raised a storm of criticism among the deputies.

[Hofman] After Minister Krzyzewski's speech at the committee hearing and subsequently on television I received many calls and letters protesting it, with the prime minister and the president also receiving them. In addition, we were visited by delegations of the Zabuzanie from Lower Silesia. The effect has been such that on 18 March Minister Krzyzewski is going to Wroclaw for talks, since it is there that most Zabuzanie now live.

[Kostrz-Kostecka] And what do existing laws say?

[Hofman] The Zabuzanie issue was raised in the 1985 Law on Land and Expropriation of Real Estate, uniform text of 1991, which states that any person may file a claim by the end of that year. The matter was to be explicitly resolved by the reprivatization law. Moreover, the provisions of the agreements with Ukraine, Byelarus, and Lithuania as based on the PKWN [Polish Committee for National Liberation, the late World War II-era de facto government of Poland] decree remain binding. In addition, compensation agreements signed later, in 1947, bound the People's Republic of Poland to settle compensation claims. Then also there is the precedent-setting May 1990 ruling of the Supreme Court which unambiguously refers to the need to pay compensation.

[Kostrz-Kostecka] I heard about the auctorial draft of a new law being prepared by Deputy Minister Krzyzewski.

In that draft he proposes that claims be settled not by administrative fiat but rather by judicial, but nonlitigational means. Would not that entail loss of control over the reprivatization process and disturbances in the performance of state enterprises? Could the State Treasury afford pay for the cost of lost lawsuits?

[Hofman] Such apprehensions do exist, but feel assured that it is only an auctorial draft. At present it is being considered at the ministry. The draft definitely differs from its predecessors in that it proposes nonlitigious proceedings, meaning decisions by a single judge in the absence of assessors. At one time litigious judicial proceedings had been considered in this connection, but the idea was rejected by the Ministry of Justice.

I believe that, taking into consideration the financial situation of the judiciary, it will be difficult to find the money as well as a sufficient number of judges. Expert in these matters believe that bottlenecks may arise when, e.g., settling matters in notarial offices, and making estimates of claims.

At present it is difficult to predict which solution will prevail. Of a certainty, settlements of reprivatization claims should not occur at the expense of privatization, and neither should they be allowed to result in the collapse of the budget and the economy. The reprivatization law, once it is passed, should facilitate a rapid filing of claims and orientation about the scale of the issue. Initially a year-long period was considered, but now three months are being mentioned, which seems too short, because the new law will take time to reach the domestic public as well as Polonia [Poles abroad]. I think that six months should be the period of time for filing claims and thereupon reviewing and estimating their scale. Next, the claims would be passed on for settlement, if the administrative approach is adopted, or to the courts of law if the judicial approach is chosen instead.

[Kostrz-Kostecka] Which means of compensation is to be basic? Restitution of property in kind or in the form of vouchers?

[Hofman] Restitution in kind wherever possible, i.e., wherever an autonomous manufacturing plant or parcel of real estate can be isolated without disturbing the operation of an enterprise as a whole. If this cannot be done, or if, say, the building being claimed houses a preschool or a nursery, vouchers are the solution. That is why restitution in kind is not the sole possibility.

[Kostrz-Kostecka] Can the magnitude of the claims be estimated?

[Hofman] On the basis of the claims filed and inquiries received the cost of reprivatization was estimated in 1990 at 114 trillion zlotys. Now however it has to be estimated at 200-250 trillion zlotys. An exact report will be presented late in March in our bulletin MAGAZYN INFORMACYJNY REPRYWATYZACJI.

[Kostrz-Kostecka] The establishment of a reprivatization fund to facilitate settling claims for compensation is being mentioned.

[Hofman] I think that the reprivatization fund is crucial. It would make it possible to exchange reprivatization vouchers for other property components, for example, stock in privatized enterprises, the property of the enterprises put in receivership, anything within the reach of the State Treasury. That fund could operate as an independent agency. But it is premature to discuss it in detail. First we have to know the scale of the claims and the extent to which they can be settled in kind and in the form of vouchers. The point here is not to burden the State Treasury.

Sample Study of Defense Industry Described

92EP0328B Warsaw ZYCIE GOSPODARCZE
in Polish No 10, 8 Mar 92 p 15

[Article by Jacek Grzywacz and Tadeusz Smuga: "A Difficult Defense"]

[Text] For some time now the mass media have been reporting on the tense economic situation of the defense industry, due to the recession and the changes taking place in the countries of East Europe. Unfortunately, they are not analyzing very objectively the situation and financial status of that industry. This matter was investigated by the Conversion and Disarmament Research Center at the SGH [Main School of Commerce] under the direction of Professor J. Lipinski.

In the sample study, the electrical equipment subsector was predominant (29 enterprises, or 69 percent); the study also covered seven light industry enterprises (17 percent), five chemical enterprises (12 percent) and one metallurgical enterprise. The structure of the enterprises studied resembles that of the defense industry as a whole, which warrants some cautious generalizations.

Production, Sales, Exports

In the years 1990-91 defense production declined in practically all of the enterprises studied. The 1992 plans of these enterprises mostly (in more than 70 percent of cases) provide for further curtailments or even abandonment of military production, with barely 10 percent declaring the intent to commence new production.

The study showed that nearly all the enterprises in question (95 percent) were manufacturing products for civilian use, and that this was of major importance to their economic and financial condition, especially in a situation in which military orders have been declining.

A consequence of the decline in demand has been the decline in the utilization of productive capacity in general as well as with respect to military production: In 1991 (first three quarters of the year) 70 percent of the enterprises investigated operated at below 50 percent of their productive capacity.

Many enterprises abandoned in 1991 the manufacture of equipment having specific applicability to the armed forces. But while in the electrical equipment industry diverse changes in the nature of production were observed, in the chemical and light industry no such changes took place, generally speaking, in 1990-91. For example, in 1991 the light industry was often manufacturing the same products as in 1990, but on a much reduced scale. This points to some extent to the limited possibilities for converting the manufacturing resources of that industry.

Of the 42 enterprises surveyed, 40 engaged in exports, with 26 exporting special products, chiefly in the electrical equipment industry.

In the last two years the share of exports in overall volume of sales has been declining. In current prices, this share amounted to 0.280 in 1989, 0.239 in 1990, and 0.216 in 1991.

When analyzing these figures allowance should be made for the rate of inflation on domestic and foreign markets and for the devaluation of the zloty.

However, the possibilities for expanding exports in the future are estimated optimistically by the enterprises, which may sound strange considering the decline in these exports in the last two years. That estimate was compared with the estimate of the anticipated profitability of such exports. From the information obtained it ensues that profitable or very profitable exports of civilian products are expected by 29 of the 38 enterprises which believe that they have the chance to increase their exports. As regards military production, all the enterprises which view it as having possibilities for growth believe that its exports will be profitable or very profitable. It appears however that the future will be less optimistic, especially for the enterprises which had specialized in exports to Payments Area I [ruble zone].

Measures to promote exports were taken at 35 enterprises, often in cooperation with middlemen handling the sales of their products on foreign markets. Most often mentioned was participation in trade fairs, preparation and distribution of product catalogs to potential clients, etc. Increased exports were also to result from promoting direct cooperation with foreign companies and benefiting from their assistance in the development of the manufacture of new product models or the application of new technologies. Efforts in that direction were made by 17 enterprises, with many of these desiring cooperation in the form of joint ventures.

Without Preferences

The enterprises surveyed did not benefit from any credit preferences granted in recognition of their special [defense-industry] status. Their principal outside source of credit was loans from domestic banks. In most (70.6 percent of) cases the available credit grew at a slower rate than the sum total of defense industry assets.

Of the credit-using enterprises 23.5 percent were encumbered by arrears in payments of interest, which, together with growing delays in settling their other obligations, points to marked irregularities in their financing techniques. Thirty-five percent of the enterprises declared that the credit available to them was insufficient, meeting only 5 to 60 percent of their needs. At another 25 percent of enterprises the ratio of available credit to needs ranged at the level of 60-82.5 percent. Not every enterprise was eligible for bank loans, because, according to a bank estimate, 32.5 percent of the enterprises surveyed lacked regular creditworthiness. In that group as many as 61.5 percent of enterprises became uncreditworthy in the first half of 1991.

All the enterprises made efforts to meet their current obligations and prompt correspondingly their customers. Thus, generally, they demanded to be paid in cash or by certified check. A large number of the enterprises resorted to judicial execution in order to get paid. Similarly, the creditors of the enterprises surveyed often resorted to reselling to a bank or another company the amounts owed them. About 25 percent of the enterprises balanced on paper their accounts with clients toward whom they stood in creditor-debtor relationships.

Analysis of cost-effectiveness points to three different outcomes:

- A consistent decline in earnings with each year;
- Growth of earnings in 1990 and their decline in 1991;
- Growth of earnings with each year.

The proportions of each outcome differed. Of the enterprises earnings in 1990, 46.6 percent had increased but in 1991 they decreased, though still remaining at a level higher than in 1989. Also substantial (31.1 percent) was the group of enterprises at which earnings kept declining with each year and in 1991 were lower than in 1989. What is more, this group contained as many as 37.5 percent of the enterprises which had lost money in the first half of 1991. In 1990 only one enterprise (2.4 percent of the population surveyed) was a money loser at year end, while in 1989 no such cases at all were recorded. The smallest group (9.5 percent of the population) was that of the enterprises which had been recording growing profits each year.

At 90.5 percent of the defense enterprises the financial situation has been worsening with each year. In many cases the sinking fund was decisive to financial autonomy and increased by leaps and bounds owing to periodic revaluations of the fixed assets of the enterprises. This is confirmed by a comparative analysis of profit indicators and cash flow rates. (Owing to the nature of the statistics obtained, profitability was reckoned as the ratio of balance-sheet surplus or loss to the volume of sales, while the cash flow rate was reckoned as the ratio of balance sheet surplus or loss plus depreciation to the volume of sales. The growing discrepancy, at most of the enterprises, between these indicators points

to the increasing role of depreciation as an internal source of financing. This trend should not be considered positive, because in many cases, increased depreciation due to overvaluation merely results in a shift of proportions within the structure of internal financing sources, without also resulting in an increase in the amounts which discrete companies can set aside for self-financing.

To assure sales of their output, the enterprises have adapted the prices of their products to the financial possibilities of customers. In effect, a substantial part of the increases in the prices of raw materials was offset at the expense of the earnings of the enterprises. This accounts for both the decline in earnings and the balance sheet loss as well as for the decline in the profitability of sales in the first half of 1991 compared with the preceding years.

Of the respondents, 17.5 percent reported no major changes in the profitability of defense production, while the remaining 82.5 percent reported substantial declines in that profitability. In 22 cases this was due to reducing the scale of output; in six cases, to altering the range or variety of production; and in as many as 21 cases the causes were attributed to external factors, legal regulations, or the government's financial policy toward the enterprises.

An increasing part of earnings has been funneled from the enterprises to the state budget, and similarly the role of tax exemptions as a selective funding source for enterprises has been diminishing. Thus, while in 1989 76.2 percent of the enterprises surveyed had benefited from various tax exemptions and tax relief, in the first half of 1991 that proportion had dwindled to a mere 9.5 percent.

Year after year, the number of enterprises incapable of settling promptly their obligations to the state budget has been rising. In the first half of 1991, every third enterprise surveyed was in arrears to the budget. This is an extremely disturbing trend, because, given the mandatory rules for figuring the income tax, it involves the danger of the so-called debt trap, meaning that the debt of enterprises to the state budget is increasing in a geometrical progression that may exceed their financial possibilities, especially when this is accompanied by a decline in the demand for their products and by reduced credit opportunities due to the loss of creditworthiness.

Year after year, the resources earmarked by the enterprises for investment have been dwindling. For while in 1989 one-half of the investing enterprises had allocated for investment 10-30 percent of their internal funding sources (i.e., earnings and depreciation), in the first half of 1991 only 30 percent of the investing enterprises set aside as much for investment. The number of the enterprises at which outlays on investment accounted for as little as 0.1-2 percent of internal funding sources increased to 6 from 2.

The principal source of funding investments was the resources of the enterprises themselves; in this connection, year after year, the number of enterprises at which that was the sole source for financing the reproduction of fixed capital has definitely been rising. In the first half of 1991 73 percent of the investing enterprises investments were funded solely from their own resources, whereas in 1989 that happened at only 51.6 percent of such enterprises. The number of the enterprises using investment credit has been clearly diminishing, as has been the share of that funding source in the overall structure of the funding of investment outlays.

Despite the low level of satisfaction of investment needs, only 45.5 percent of the enterprise directors polled declared that they would want to apply for bank credit for that purpose. This way out is barred to the others because of a too high interest rate or an uncreditworthy rating.

Work and Wages

A basic consequence of the decline in output has been the reduction in employment (76 percent of the respondents pointed to this relationship). Individual layoffs took place at all the enterprises surveyed, but group layoffs occurred at 28.6 percent of the enterprises, chiefly in the electrical equipment industry. The relatively limited scope of the group layoffs was due chiefly to the requirement that the enterprises disburse severance pay from their own funds (the wage fund).

A majority of directors (59.5 percent) estimated that employment at their enterprises would continue to decline during 1992, and they linked the extent of layoffs directly to the decline in output. Some hopes of surmounting the demand barrier were placed in the government's decisions defining more precisely the policy on the defense industry, which as a consequence should halt the decline in output or perhaps even trigger its rise. At 30.9 percent of the enterprises the directors declared that employment would remain unchanged, while at 9.6 percent of the others, the opinion was that employment this year would increase by 1-5 percent.

Of 42 enterprises, one-half exceeded during the first three quarters of 1991 the norm for increases in tax-exempt remuneration. The others hewed to that norm, and 28.6 percent stayed below it, chiefly owing to cash shortages. Some enterprises deliberately adhered to the norm because their earnings have been so low that paying ceiling exceeding wages would simply bankrupt them. The burden of the tax on ceiling exceeding wages differed at different enterprises, ranging from 0.5 to 43.0 percent of gross earnings.

During the first three quarters of 1991, compared with a like period in 1990, substantial wage increases were recorded at the enterprises surveyed. Thus while in 1990 the average [monthly] wage, excluding bonuses from profits, amounted to 928,200 zlotys [Z], in 1991 it climbed to Z1,453,400. At the enterprises paying the tax on wage increases the average wage in 1991 was

Z1,500,100, or 52.9 percent more than in 1990, while at the enterprises which did not pay that tax the average wage was Z1,379,200 or 58.1 percent more than in 1990. The average wage at the enterprises paying the tax on wage increases was only 8.8 percent higher than at the enterprises not paying that tax.

As presented above, the findings of this survey demonstrate that the operating conditions of defense industry enterprises in 1990-91 were the same as at enterprises manufacturing civilian products. Both groups were identically affected by the stringent fiscal and monetary policies followed as part of the government's stabilization program. One major difference, however, is that the defense industry had in the past been under the protective wing of the government, which provided it with a funding cushion (tax exemptions and discounts) and government contracts for its products, thus assuring their sale. The lack of a government policy in the last two years on the defense industry and the disappearance of demand for its products among the countries of East Europe has caused defense industry enterprises to be more keenly affected than others by the tough laws of the marketplace.

(This article is based on the study "The Effect of Changes in Military Orders on the Situation and Behavior of Defense-Industry Enterprises," by Dr. J. Grzywacz, Dr. L. Kolodziejczyk, W. Mizielska, Dr. T. Smuga, and J. Sobota, Warsaw, November 1991.)

Strategy of Defense Industry Conversion Criticized

92EP0328A Warsaw ZYCIE GOSPODARCZE
in Polish No 9, 1 Mar 92 pp 1, 6

[Article by Edward Wrobel: "The Zero Scenario"]

[Text] On the recommendation of the Industrial Development Agency a Krakow consulting firm, Proxy, last fall developed a concept of transformations in the Polish defense industry. As unofficially known—the Proxy report is officially confidential—that industry was to be restructured according to some one of three scenarios: zero, minimal, or comprehensive.

In a nutshell, under the first scenario, the defense industry was to meet its doom, since no decisions, no restructuring measures would then be taken. The armaments plants, and chiefly those at which civilian production is largely secondary, would be doomed by the unfolding situation, that is, by the rising barrier of low demand and the growing stranglehold of indebtedness. The disappearance of positive economic status would result in closing these plants and dismissing their workforces.

Under the second scenario, the minimal one, restructuring would encompass 17 enterprises (with a loss of not more than five percent) and presumably should be accomplished by them on their own, in principle without relying on outside assistance. Lastly, the third scenario consists in the formation of several (to be precise, three)

holding companies: a) Mesko, for ammunition and missiles; b) Labeda, for armor and vehicles; and c) aviation, which would encompass plants in Mielec, Swidnik, Rzeszow, and Warsaw, as well as the Aviation Institute and the Wroclaw Hydral Institute.

Naturally, the zero scenario, which remains the worst-case prognosis in the even that no steps are taken and constitutes lack of response to the reality, has been decidedly rejected by the authors of the report and, needless to say, by politicians, the military, the industry's workforces, and public opinion. In a word, the collapse of the defense sector in Poland is, generally speaking, unacceptable.

From Dreams to Reality

Therefore, Proxy has suggested choosing between the second and the third scenarios, while itself apparently preferring the third, under which military production is sited in state-controlled industrial groupings and is a firm bulwark of the defense doctrine while at the same time being cost-efficient, that is, earning the funds for its own development by, among other things, effectively competing on the international market. The authors of this concept are of the opinion that, in the era of the market economy, the defense industry cannot survive solely on state subsidies.

But enough of that. To expect a great future of the planned Polish armaments holding companies is mere escapism and daydreaming. The reality is sadly different: a wave of strikes has rolled across the arms plants, especially the aviation plants, and their workforces, feeling that their jobs are threatened, stand continually ready for new strikes. Following an initial period of intense interest in problems of the arms industry, the publications on that topic are becoming increasingly rare. Weeks and months are passing, yet the government is taking no decisions and avoiding meetings with nettled representatives of the workforces. The military is not speaking out in public, and the arms plants, hurt by the domestic recession and seeing their foreign trade curtailed, are seeing their troubles multiplied, paying for the consequences of the insolvency of the Ministry of National Defense and literally drowning in their debts to banks, which increasingly often refuse to fund the declining production, and to suppliers.

Everything indicates that the defense industry exists in the zero variant considered by Proxy, that is, in the zero scenario rejected by all reasonable persons. It would even be logical to consider that, in a situation of complete inertia on the part of the so-called powers that be, the zero scenario would anyhow come true inevitably even without its projection by Proxy, meaning that the fee paid to that company for drafting the relevant study was money thrown out of the window, money that should rather have been spent on buying sickles for those several dozen thousand military personnel who are to remain in the Polish Army under the new defense doctrine, and on paying the blacksmiths who would forge

those sickles into pikes. Of course, that would be no extraordinary event in the history of our armed forces.

Lucznik is Going Under

The country's only small arms (rifle and pistol) producer, the Lucznik Metal Works in Radom, is about to be put in receivership. Its director, Waldemar Szajewski, declared that the quantitative ratio of military to civilian production is difficult to determine, being a variable. At the moment, for obvious reasons (lack of purchase contracts from the Ministry of National Defense and the essentially sham license for foreign trade in arms), civilian production definitely predominates, but under certain circumstances the plant can convert as much as one-half of its productive capacity to military production.

When, one and a half years ago, Szajewski first became the chief executive of Lucznik, he believed that the plant's problems were due as much to circumstances beyond its control, that is, to objective conditions, as to the mistakes of his predecessor. He thought that by abandoning the fossilized methods of the previous management he would discontinue the inventory build-up and relieve the plant of the suffocating burden of an excessive inventory and thus also stop contracting uneconomical obligations and start trimming the labor force and stimulating foreign sales, now that the plant was going to convert to a rational free-market system. Cost-cutting measures plus higher income from exports to the West should offset the red ink due to the loss of markets in the former socialist countries and the decline of domestic demand. The director of Lucznik also had believed that the decline in orders for military production would be temporary and that the Ministry of National Defense would pay for its orders and fund mobilizational preparedness.

The Augean stable was almost cleansed. Inventory and administrative personnel were reduced, marketing services were expanded, and sales promotion was intensified. Various discounts and special convenient terms were introduced for domestic customers, and commission sales were introduced. After several months the plant's foreign trade office could report success: exports, which used to account for 20 percent of sales, climbed to 80 percent in mid-1991, while at the same time employment dropped—and painlessly at that—from nearly 10,000 to 7,300. A "business plan" providing for the manufacture of new products, including gas, air, and sports pistols, hunting weapons (the Kalashnikov-based "Hunter" sporting rifle), electronic sewing machines, electronic typewriters, and electronic cash registers, was implemented.

The relative optimism and confident expectation of successful results of institutional reforms and new management and hence also a mood of calm lasted at Lucznik only so long until it turned out beyond doubt that not even the best streamlining measures nor the

most capable management stood a chance in the confrontation with the effects of the government's economic policy on state-owned industry, including the defense industry.

Lucznik in Radom exemplifies a traditionally well-organized and, for more than a year now, well-managed enterprise, as is admitted even by persons within the trade unions who are no admirers of the management. The plant has markedly broadened its range of foreign customers and nowadays belongs among exporters with solid markets for catalogued products, which means that, among other things, it has a solid reputation in, for example, the United States or Sweden and does not have to fear sudden obstructions on the part of its customers. Moreover, despite the high rate (30 to 60 percent) of depreciation of its machinery and equipment, it is one of the most high-technology plants and keeps its products relatively up-to-date, as well as keeping their quality high and their precision satisfactory, which besides means in the case of this plant both civilian and military products.

Yet, such a factory, which moreover employs a skilled and educated workforce of engineers and workers—it is long since I have complimented any producer so much—is nevertheless rapidly declining owing to a government policy known by the acronym AES, meaning the Anti-Economic System.

"How else can we call a policy which tramples down a well-performing plant, that is, one fully capable of earning a profit? Let alone the fact that it is we as the only plant of its kind in Poland who are decisive to the arming of individual military personnel? From this standpoint the ability to act as an effective deterrent and to strengthen national defense is a plus. Yet the situation has become such that some SWAPO [Nambibian!] guerrillas are better-armed than Polish servicemen."

The Demand Barrier

"In erecting barriers to production and marketing in this country and abroad," Director Szajewski said, "the recent administrations have been acting not only non-economically but also immorally, if only considering that the state-owned sector is being destroyed, inclusive of my plant, which is earning the foreign exchange so greatly needed by this country, while the private sector, which exports that foreign exchange is getting preferential treatment."

In 1991 domestic demand plummeted to nugatory levels. Polish families can no longer afford to buy sewing machines. Most enterprises and institutions are not buying typewriters, first because, given the general shortage of cash, they have much more urgent expenses, and second because the better-off companies, especially the private ones, mostly prefer computers. The military have not placed any new contracts and are not paying off even a penny of their previous debts, and neither are they spending anything on keeping up mobilizational preparedness. It also is long since the plant has received even a penny from its nonmilitary domestic customers.

Exports proved to save the situation in the very short run, because they are no longer profitable ever since mid-1991, considering that in the meantime the prices of producer goods (raw materials and energy) have risen. True enough, it proved possible to negotiate an increase in transaction prices, thus resulting in a 30-percent increase in export prices, but that did not suffice to offset the inflationary pressures. Representatives of Lucznik have a special grievance about the government's policy of debiting the expenses of mobilization preparedness to the cost of civilian production, including production for export. The cost of mobilization preparedness last year was 139 billion zlotys, all of which was debited to the production cost, and so far it was planned at the same level for this year by the Ministry of National Defense, but the way things are going there will be nothing left to debit it to. The final nail in the coffin, so far as export economics is concerned, is the creeping rate of exchange of the dollar to the zloty. The establishment of this rate of exchange was characterized by Director Szajewski as "academic opportunism and a rare display of indolence in economic thinking."

As a result of these factors, despite 547.5 billion zlotys in sales in 1991, the Lucznik plant in Radom showed an operating loss of nearly 20 billion zlotys for that year. Its accounts payable amount to 23 billion zlotys and other encumbrances, 227 billion zlotys. That was all that Director Szajewski was graciously willing to tell us about the plant's performance, claiming that the era of exhibitionism is now over, at least in the arms industry. Well, it is a pity that only now, when nearly everything is known about the plant, the Lodz State Economic Bank (Radom branch) warned that, unless it receives suitable loan guarantees from the government, it will stop financing the plant. And unless, in principle, the Ministry of Finance provides a guarantee, production will have to be halted and the workforce dismissed.

Unless credit is granted, the end will come: 7,300 persons will apply for unemployment benefits, meaning an average of 1 million zlotys monthly per person. The factory will lose its Western markets, which it would need at least five years to recover—if at all possible in a situation in which any gap is at once filled by competitors. And what about the then lost earnings of the factory's suppliers of energy, materials, and semifinished products, what about the then lost tax revenues of the government? And what about the possibilities for arming army riflemen?

By the way, when the occasion arises, we will get an answer to the question of whether a defense-complex plant can support itself, even one with such a large part in civilian production, and moreover that sells abroad—in other words, as if it were separate from plunging domestic demand. Well, given the present economic and financial conditions, it cannot support itself unless its gets rid of the costly and deadweight burden of military production. Since a physical break-up of the factory is impossible, there remains the alternative of rapidly streamlining the enterprise's economic-financial status

and granting it genuine autonomy over its arms trade. Those to whom this may seem risky should be reminded that before the war the state factory in Radom had successfully been exporting rifles and in 1937 became a major exporter of that kind of arms in Europe.

My studies indicate that the Radom Lucznik does not figure among the holding companies proposed by Proxy [a consulting firm]. Director Szajewski says the opposite. Perhaps so, but at the moment this hardly matters considering that the earth under this plant is about to cave in, while holding companies still have not been established and nobody knows when they will be.

* * *

In response to the announcement that there was no money to pay wages with, an eight-hour warning strike was declared on 13 February. That was the first reaction of the workforce since 1981 in defense of its own interests. A general sit-down strike could be averted solely because the NSZZ Solidarity Plant Commission, which owns 80 percent of the shares in Radgos Company, lent Lucznik's management one billion zlotys and the employees could be paid half-wages. In the event of a cash shortage, management is to repay the plant's debt to Solidarity in kind, in the form of 1,500 sewing machines. Nobody knows what will happen next.

The chairman of the Solidarity Plant Commission Stanislaw Gorski blamed the Ministry of Finance, the Ministry of Industry, and the Ministry of National Defense for Lucznik's dramatic situation. He accused the first of these ministries of inflexibility and economic blindness, the second of kowtowing to the Treasury, and the third, or more precisely the generals, of excessive servility toward the politicians and basically inadequate concern for the interests of the military. The potential on which national defense is to be based is unknown [he added].

Chairman Gorski's comments on Proxy's restructuring ideas are unprintable, in which he is not alone. I have heard similar opinions voiced in Skarzysko-Kamienna, Mielec, Rzeszow, and Stalowa Wola [all sites of defense plants].

Notes from 'Economy in Nation' Column

11 Mar 92

92EP0307A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 11 Mar 92 p 1

[Economic news briefs, by K.M., as based on PAP reports]

[Excerpts] [passage omitted]

Higher Farmer Insurance Premiums

As of 1 April farmers will be charged higher retirement pension premiums, an increase to 220,000 from 155,000 zlotys per insured. Similarly, accident, illness, and

maternity insurance premiums will be raised to 186,000 from 168,000 zlotys. The premiums are payable by 30 April.

Budget Cuts at the Ministries

Not all the ministries have hewed to the deadline of 10 March for presenting to the Ministry of Finance proposals for cutting their operating budgets. If the state budget is to be completed in accordance with the government program, that is, allowing for a deficit of 65 trillion zlotys, the already trimmed needs of the ministries must be further slashed by about 20 trillion zlotys. [passage omitted]

Procter and Gamble in Grodzisk

The inhabitants of Grodzisk Mazowiecki received last Tuesday 3 billion zlotys from representatives of the Procter and Gamble company, which has commenced investment activities there. The company, whose volume last year reached about 30 billion zlotys, has purchased storage depots with a surface area of about 10,000 m², thereby enriching the Treasury by about \$3.5 million. The gift to the people of Grodzisk Mazowiecki will be used to improve natural environment and health care in that city.

12 Mar 92

92EP0307B Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 12 Mar 92 p 1

[Economic news briefs by A.H.B. and M.S.]

[Text]

Funds for the Pharmaceutical Industry

On 11 March reimbursement for pharmaceutical exports to the former USSR was the subject of a meeting between representatives of the pharmaceutical industry and Deputy Minister of Industry and Trade Edward Nowak. According to unofficial sources quoted by the Polish Press Agency, the pharmaceutical industry is to receive 250 billion zlotys for last year's exports of its products to the USSR.

Polish-Slovene Economic Talks

The Polish-Slovene economic talks being held in Warsaw may result in initialing on 12 March an intergovernmental economic and trade agreement between Poland and Slovenia, as Lucyna Jaremczuk of the Ministry of Foreign Economic Cooperation told a PAP [Polish Press Agency] reporter. The Slovenian delegation, which is headed by Deputy Secretary for International Cooperation at the Slovenian Ministry of Foreign Affairs Mrs. Vojka Ravabar, is paying its first visit to our country. So far diplomatic relations between our countries have not been established, said L. Jaremczuk. But this does not preclude establishing economic and trade relations. An obstacle to a rapid signing of the final text of the economic and trade agreement is the unsettled nature of the legal questions relating to the break-up of Yugoslavia

into individual republics. Another problem is the EC's suspension of favored treatment of trade between Yugoslavia and the European Community.

Russians Interested in Lodz Textiles

Last Saturday an official delegation of the Russian Federation, headed by Deputy Minister of Foreign Trade Vladimir Nikolayevich Rabotyazev, visited Lodz. "Even now," the deputy minister said, "nearly 80 percent of the textiles on the shelves of Russian stores are provided through the mediation of the Galtex Company. Russians are greatly interested in direct cooperation between [Polish and Russian] enterprises. This concerns both commercial and manufacturing and technological ventures. Patterns developed by Lodz designers enjoy great interest among Russians. Some of the accounts between the enterprises of the two countries may be settled on a barter basis.

18 Mar 92

92EP0307B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 18 Mar 92 p 1

[Economic news briefs by Z.Z.]

[Text]

Trade With Australia

Last year Polish-Australian trade reached a volume of \$38 million, of which \$23 million for imports from that distant continent. Possibilities for expanding economic trade between both countries were discussed by Minister Jerzy Eysymontt on 17 March with David Charles, Australia's trade representative for Central and East Europe. Mr. Charles was particularly interested in the position of Polish authorities and public on foreign capital and foreign investments. The head of the Central Planning Office emphasized that, contrary to certain opinions, the Polish trade community is interested in cooperating with foreign capital, and that the authorities are declaring that that capital will be treated no worse than domestic capital, as announced after the talks were ended.

Counseling by Danish Unibank

For 26 months experts from Denmark's Unibank will work at the Pomeranian Credit Bank in Szczecin. They are to familiarize Polish banking personnel with the latest techniques of management and organization of labor, as well as with operating and credit procedures.

19 Mar 92

92EP0307D Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 19 Mar 92 p 1

[Economic news briefs by K.J. as based on PAP reports]

[Excerpts] [passage omitted]

New Bank in Poznan

A letter of intent concerning the establishment of the regional Bank Wielkopolan was signed in Poznan on 18 March. The bank's capital stock is about 150 billion zlotys and its basic purpose is to provide banking services to the cities and townships of Wielkopolska and the enterprises operating in that region. [passage omitted]

A New Partner for Poland

The establishment of direct economic and trade relations with the Croatian Republic was the subject of talks at the Ministry of Foreign Economic Cooperation with the Croatian delegation. The Regional Chamber of Commerce organized meetings between the Croatian visitors and activists from the Polish economic circles which engage in economic cooperation with Croatia or desire to establish such cooperation. [passage omitted]

Notes from 'Enterprise News' Column

6 Mar 92

92EP0306A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 6 Mar 92 p IV

[Economic news briefs by J.K.B.]

[Text]

Competitive Copper

The Polska Miedz [Polish Copper] conglomerate consists of 20 plants plus a developed maintenance and service network. After the money-losing Konrad Mine was closed, the other mines grossed in 1991 an overall profit of 1.556 trillion zlotys [Z]; the metallurgical plants, a roller mill, and a cable plant, Z1.367 trillion; and the maintenance and auxiliary facilities (construction and installation, project design, machine shops), Z451 billion. Altogether the net profits of Polska Miedz in 1991 totaled about Z1 trillion. The company is not encumbered by investment loans and its circulating credit (Z200-300 billion) and payment obligations are limited. It does not owe the state budget—it transferred Z3 trillion there for last year.

Despite the increases in the prices of electricity and gas and higher environmental fees, seam fees, and wages, and even despite the decreased copper content of ore, subsequent to the record-breaking year 1990, last year was not bad either. At Polska Miedz, Inc., the production cost per pound of copper is low, 59 cents; it is competitive and has an assured market in West Europe. (This is based on an interview with the company's vice president in GAZETA ROBOTNICZA.)

What About Piast?

Piast Company is in receivership. Its 10 shareholders (including the Council of Poles and the Polish Culture and Education Union) could neither reach an agreement nor subscribe sufficient capital. To regain Piast Hotel in

Tesin (Czechoslovakia), the company would need 1 million Czech crowns. Until the end of last year 100,000 crowns in capital stock had been sufficient.

The hotel's owner is the PZKO [Polish Culture and Education Union], and it wanted Piast to become incorporated, upon granting the other shareholders the right to use the facility. The Committee for Claims on the Property of Former Polish Organizations in Czechoslovakia, Council of Poles, was invited to the recent meeting.

The Piast Polish National Home was built with individual contributions at the end of the 19th century. It contains a hotel, a restaurant, and a conference room, according to a reminder offered by TRYBUNA SLASKA.

11 Mar 92

92EP0306B Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 11 Mar 92 p IV

[Economic news briefs]

[Text]

The Archimedes Churner

Since September 1991, the Archimedes Factory in Wroclaw and a Swedish company, Alfa-Laval, have been operating a joint venture with 40 percent of the shares owned by the Poles and 60 percent by the Swedes. On 3 March the district labor inspector formally received a factory building which had been erected years ago for millions of dollars and previously never used. Several dozen employees will return from forced furloughs to work in the new building. They will manufacture milking equipment, butter churns, and hydraulic lifts for tractors. The products of Archimedes are to be distributed the world over, according to GAZETA ROBOTNICZA.

Austrian Neighbors in Gdynia

The construction of a business center in Gdynia has commenced. It will be a 11-story tower with an overall surface area of 14,500 m², with a two-story underground parking garage. The center is to house a bank, stores, and offices. Its developer is the ILD joint venture, which has already received many domestic and foreign bids for space in the center. The Business Center [name given in English in the original] will be built by Ilbau, an Austrian enterprise, which has already erected the nearby Chipolbrok office building, according to GAZETA GDANSKA. The architects are Ivo Majorinc and Milejko Dumencic, who had also designed the Chipolbrok building and Warsaw's Marriott Hotel.

To Dump or To Sell

The Belchatow power plant burns brown coal from the nearby open-strip mine. Underneath the brown coal deposit lie strata containing 20 raw materials which have until now been dumped. They are: quartz sands, chalks,

clays (including ceramic clays), decorative rocks, and aggregates. The mine's director told GLOS PORANNY that 2 million metric tons of lacustrine chalk (50 percent calcium oxide) could be extracted from that mine annually. The chalk can be used to deacidify heavy soils. The mine resolved to start selling these resources. A depot measuring 1.5 million m³ in area was built for Z27 billion. The raw materials stored there can be purchased beginning in April. And as of this coming July, private consumers can count on buying the Belchatow brown coal. The KBW [Brown Coal Mine] intends to sell it through its own distribution network.

A New Holding Company

The Lodz Enterprise Center is looking for a site of its own. DZIENNIK LODZKI assumes that it will be housed at the Wool Industry R&D Center. The Lodz Enterprise Center is a holding company established jointly by the Regional Development Agency, municipal authorities, banks, and foundations. It will operate a consulting office for small businesses and engage in manufacturing and commercial activities. The holding company would also include a dyeing plant, a weaving mill, an industrial design center, and a wholesale department.

Comedia in Krakow

Representatives of Comedia, a British consulting firm, have arrived in Krakow. It is the first city in our part of Europe in which they will be working for the Know How Foundation. The Englishmen will remain in Krakow for several months while working on a plan for the development and operation of the city's artistic and cultural infrastructure. They intend to investigate the relations between state and private cultural institutions and the possibilities for reforming [cultural] marketing and information systems, as well as determine how the city is to invest in culture.

Incinerator: Pros and Cons

Tri-City [Gdansk, Gdynia, Sopot] has troubles with garbage. The garbage dump in Lezyce is full and should be closed (the decision to close it was successfully postponed for several years). The Uterkom Foundation for the Thermal Utilization of Wastes wants to build a garbage incinerator in Gdynia, in the harbor area. The foundation is working together with a Polish-Danish working group sponsored by the Danish Government and the EC. DZIENNIK BALTYCKI analyzes the arguments for and against building the incinerator. What will be the advantages? The garbage dump will no longer require so much space; the [utilization of the] thermal energy of the combustion will reduce the operating costs; noxious (e.g., hospital) wastes will be eliminated, and we will have to sort our garbage. But on the other hand, the incinerating plant as an element of the city's heating network will require a suitable quantity of the "raw material" (that is, there will be no incentive for cutting down on trash to be discarded), and it will be noisy, there

will be noxious emissions, and the ash, slag, and filtrates will be cumbersome to handle and will require suitable storage techniques. Moreover, an incinerating plant and a facility for purifying combustion gases are extremely expensive and require specialized servicing.

17 Mar 92

92EP0306C Warsaw *RZECZPOSPOLITA*
(*ECONOMY AND LAW* supplement) in Polish
17 Mar 92 p IV

[Economic news briefs by J.K.B.]

[Text]

600 Free Shares Available?

The privatization of the Domar Enterprise for Trading in Household Furnishings has been underway since 1990. The first stage was completed in December 1990, according to *GAZETA KRAKOWSKA*. Domar has returned to former owners the premises which it used. The second stage of the privatization lasted until 1991: a trading network was set up, some employees were discharged and the enterprise's assets were appraised. Plans were made to sell to employees 1,000 shares for the price of 5 million zlotys [Z] per employee and to found a joint stock company.

In 1991 Domar operated in the red, having lost Z40 billion due to the forfeiture of a part of its trading network, Z7 billion in operating expenses, and Z1 billion due to the renovation of premises.

The employees cannot afford to buy the amount of shares offered to them; however, they declared their willingness to buy 400 shares apiece. The remaining shares [600 apiece] could be sold to outside investors, but the employees refuse to consent to it.

Then Director, Now Manager

The director of Befado, the Bielsk Footwear Factory, has for a week now been called manager. Under an agreement with a representative of the State Treasury—the voivode—Befado will be administered for five years by a manager, Mr. Pisarek (until now the director). A manager combines in himself the powers of a plant director and workers' self-government bodies, and he submits only to the decisions of the voivode. At Befado workers' self-government has been dissolved, but one-third of membership in the supervising council is reserved for employees. The rights of trade unions have not been curtailed.

The manager will receive a salary commensurate with the factory's performance, and he will be responsible for managing the enterprise (amounting to six times the monthly salary [as published]). He is to develop a plan for restructuring Befado within three months. According to TRYBUNA SLASKA, this is one of Poland's first managerial contracts.

A Wool Holding Company

The textile factories in Bielsk want to form a holding company. They think it to be the best way of relieving their situation, since they lack funds to buy raw wool. Under the new system they no longer purchase raw wool through the mediation of foreign trade centers, and they have to buy it in Australia half a year before commencing production. Yet the price of credit is now higher and sales to the eastern [CIS] market have dwindled. Production at the factories has been cut, their machinery is being sold, and their space is being leased. There is a shortage of funds for paying wages to employees.

A holding factory would serve to reduce the operating expenses of those factories which keep receiving new orders and [whose products] are valued, according to TRYBUNA SLASKA.

19 Mar 92

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(*ECONOMY AND LAW* supplement) in Polish
19 Mar 92 p IV

[Economic news briefs by J.K.B.]

[Text]

Gryf Fisheries Broken Up

The Gryf Deep-Sea Catch and Fishery Enterprise in Szczecin was broken up into the following autonomous companies last January: Gryf Fishing Port Production and Services Enterprise (harbor services, transloading, refrigeration, and repair services); Gryfryb Food Industry Enterprise (fish processing); and Gryf Shipping. In January the gross earnings of Gryf were 1.5 billion zlotys [Z] and Gryfryb Z0.5 billion. Gryf Fishing Port is doing well. The vessels of Gryf Shipping carried in January and February 16,000 metric tons of fish, and the harbor handled three times as many vessels as in the entire year 1991.

The new enterprises have been operating on the basis of advance payments for services rather than bank credit. The three Gryfs will need Z80 billion in restructuring credit to pay off the debts inherited from the former Gryf Deep-Sea Catch and Fishery Enterprise following its break-up. Another problem is the shortage of good fishery zones, but, according to GLOS SZCZECINSKI, negotiations for fishing in the northern Pacific are in progress.

Constar Under Construction

By April machinery from the United States and West Europe will be installed at the Constar Plant in Stara-chowice. For the time being this new plant's refrigerating facility has been installed. Constar will begin to operate this coming August, and by December its output is to reach the level of 60,000 metric tons of meat and processed meat products annually. Personnel selection is continuing, and by now 600 employees have been hired.

The plant will be owned by Constar Company, with 51 percent of shares held by Epstein-Plant Corporation of Chicago. Meat and cured and canned meat products will also be produced for export, according to SLOWO LUDU.

Pozmeat Plant for Sale

By month end it will be possible to read in the newspapers advertisements for the sale of Pozmeat, Poznan Meat Works. Since June 1991 Pozmeat has been a Treasury company. Its sale is being handled by a British company, Arthur Andersen.

The buyer must meet several conditions (GAZETA POZNANSKA enumerates them): keep the 1,800 employees, enable them to buy 20 percent of the shares at preferential prices, and show environmental consciousness by building a waste treatment plant in Garbary and, within 10 years, relocating the slaughter facility outside Poznan city limits.

Pozmeat is one of the country's best meat plants, and both Polish and foreign investors are interested in it.

Radio Plant's Privatization Problems Viewed

92EP0304B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 19 Mar 92 p IV

[Article by Aleksandra Bialy: "Elwa's Linked Transactions: A Way Out Can Be Found"]

[Text] Ukraine's Elektron Plant is manufacturing television sets, and for this purpose it needs capacitors. In theory it can buy them from Elwa, the Warsaw Radio Subassemblies Plant, but it can only pay for them by bartering them for television sets, which the Polish plant does not want. Byelarus' Malin Pulp and Paper Plant has a surplus of paper which it would like to barter for something else. Here, too, the circle could be closed. Most likely, the following agreement will be finalized by the end of March: The Lvov plant will obtain Polish capacitors and in return its television sets will be shipped to the Byelarusian paper plant, which then will pay for the Polish capacitors by providing Elwa with the right kind of paper needed to manufacture the capacitors. The originator of the above deal, so characteristic of the electrical equipment industry on both sides of the Bug River, is Andrzej Makowski, the director of the Warsaw Elwa Plant.

Elwa is a supplier of Western companies: Siemens, Philips, Matsushita, Nippon, and Sprague. No other Polish electronics manufacturer can boast such an array of customers. Elwa owes its standing to a Japanese license for manufacturing aluminum and tantalum capacitors, purchased as early as during the Gierek Administration. At that time the enterprise consisted of three plants, one in Kolobrzeg, one in Bielsk Podlaski, and one in Warsaw. Last year, the first named plant split off and turned itself into a joint stock company bearing the appellation Elkon. But that divorce was unlucky for

it, because now it is at the threshold of bankruptcy. The remaining two plants employ 700 people at present.

"We were on the list of 400 enterprises scheduled for nationwide privatization," said the director of Elwa. "Now that that list has been narrowed down to 200, my company is no longer on it. However, it is scheduled to be included in the sector privatization of the electronics industry."

Unless Elwa is surprised by its rapid conversion to a one-person treasury company, and unless it is sold, it would like first to undergo twinning into two separate plants, since Bielsk is 200 km distant from Warsaw and has its own development concept, and most of its sales volume derives from barter with the Soviet partner. The management of the Bielsk plant views its future as lying in the formation of a joint venture. It even has settled upon a partner.

At the Warsaw plant, on the other hand, the director would like to isolate one department and sell it. The money thus obtained he would earmark for purchasing 20 percent of stock for the employees. It is hoped that the Ministry of Industry will agree to this version of the transformation of an enterprise into an employee owned joint stock company. The current worth of the plant is about 50 billion zlotys [Z]. Its labor force of more than 300 is incapable of gathering on its own sufficient funds to purchase that 20 percent of stock.

Western companies are greatly interested in Elwa, chiefly in the sense that they would like to avail themselves of the Polish plant's distribution and service network in order to sell their own capacitors. That would mean foreign invasion of a market until now dominated by a sole domestic producer. This is hardly to Elwa's liking.

"If it is unavoidable for Sprague or Siemens to enter our market, let them at least do so through our plant's mediation," said Director Makowski.

After all, the market can be shared. In return for Elwa's abandoning the manufacture of one type of capacitor and distributing instead its Western counterpart, the Western manufacturer will help Elwa modernize the manufacture of another capacitor type. Preliminary talks with foreign companies indicate that they are willing to accept this kind of deal, so far only in word, not in deed, however, so that the question is, when will the agreement be signed?

"Once it is signed, we shall know what Elwa's future will be like," said the director.

Last year Elwa's performance was as follows: gross profits, Z12 billion, sales Z44 billion, on keeping product price constant [as published].

Meat Processor Animex on Prospects, Difficulties

92EP0304C Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish
19 Mar 92 p IV

[Article by Edmund Szot: "Animex Is Taking Root; Nothing Animal Is Foreign to It"]

[Text] One of the world's best known Polish food exporters is the Animex company. Established more than 40 years ago, it trades in livestock and processed animal products. In the past, trade in these goods provided Poland with significant amounts of foreign exchange: Our sales of hams alone to the United States averaged about 45,000 metric tonnes annually. Only the revenues from coal exports used to be higher than from meat exports. These times are gone for now and it is hard to predict when they will return. The exports of hams to the United States shrank to 7,000 metric tonnes and, although we get paid for that merchandise more nowadays than ever in the past, as much as \$5 per kilogram, given the present currency rates of exchange, this export is not particularly profitable. It should also be considered that the supply of hogs on the hoof will soon dwindle to a level at which it will merely, if at all, suffice to meet the domestic demand.

"If the current bad farm policy is continued," said the CEO of Animex Witold Pereta at a press conference, "we will be unable even to exploit the opportunities afforded to us by the agreement for association with the EC."

These opportunities refer to reducing in half the equalization fees and the promise to continue to reduce them at the rate of 10 percent annually, along with the reduction, and sometimes even total elimination, of customs duties on many animal products (giblets, feathers, down) and certain animals (horses), as well as the announcement that each year the quotas for the sales of cattle, calves, and sheep will be increased. Well, there exists a justified fear that as soon as next year, when the quota for shipments of lamb will be increased to 7,200 from 6,600 metric tonnes, the lamb population in Poland will no longer be sufficient to fill that quota. Let us emphasize that outside the EC market sheep bring prices only one-third as high. Such are unfortunately the consequences of the myopic policy on Polish sheep-raising, whose production potential shrank in half during the last two years.

Last year the overall volume of sales of Animex was \$343 million. Of that volume 76 percent was in exports, with 90 percent of these exports going to the EC countries, the United States, Austria, the USSR, and Sweden. Animex's share in trade in animal products continues to be very high, being estimated at 60-70 percent at present. Even so the company is exploring new directions. Among other things, with the object of augmenting its profits, it is investing in meat processing. Thus, for example, this year its sales of poultry parts will increase by 50 percent, which besides ensues from the corresponding trends on the Western market. Together with

an American company, Epstein, Animex will complete in the third quarter of 1992 the construction of a large meat plant in Starachowice, to which end preparations already are underway on the farms surrounding that town. The takeover of several poultry plants and a wild game establishment near Lesek is anticipated. Animex is also interested in certain meat plants. It has begun talks with the Treasury's Farm Property Agency about buying seven mid-sized state farms. In addition, the company has allocated about Z10 billion for the acquisition of calves from private farms. Altogether, it is evident that this company is endeavoring to take root in the Polish food industry.

POLITYKA Weekly News Roundup: 15-21 Mar

92EP0308A Warsaw POLITYKA in Polish
No 12, 21 Mar 92 p 2

[Excerpts]

National News

In an interview with Gen. Viktor Dubynin, commander of the forces of the former USSR in Poland, by a journalist for GAZETA WYBORCZA, we read, among other things: "In 1981, you were serving in Byelarus." Say how it really was: Was Poland threatened by armed intervention from the USSR?

[Dubynin] At that time, I was a division commander in Byelarus. I did not know all the plans of the government, of the Politburo, of the general staff, but I know that preparations were being made to introduce forces, to give aid, to stabilize the situation.... And only thanks to the introduction of martial law, perhaps that was 13 December, the action was halted. I think that Gen. Jaruzelski took the right action. If he had not done that, on 14 December our divisions would have entered the territory of Poland. Everything was ready. The Polish Army would have been neutralized; there would have been no chance for active resistance." [passage omitted]

GAZETA WYBORCZA discusses Poles' attitudes to their main trading partners on the basis of the results of a survey by Eurobarometer, done in the fall of 1991 at the request of the EC in the ten postcommunist countries. In terms of trade turnover, the list of partners for 1991 was: EC, 157.9 billion zlotys [Z]; the former USSR, Z35.2 billion; the United States, Z4.7 billion; and Japan, Z2.6 billion. Poles have the worst opinion regarding the honesty of the EC as a trading partner (29 percent honest, 32 percent dishonest); also, 80 percent of Poles want to join the Common Market.

NOWA EUROPA reports that Poland is the main sales market for Western cars. In 1991, Poles bought 4,000 GM Opels, 2,500 Fords, 3,000 Fiats, 41,200 Volkswagens, 700 Renaults, 2,000 Mercedes, 1,300 BMWs, 10,842 cars from South Korea, including 6,000 Hyundais, 14,935 Japanese cars, including 4,500 Toyotas and 3,000 Nissans.

The Coordination Committee of the Societies of Creative Artists and the Scientific Societies has come out against delaying work on a new law for radio and television. "We think that continued maintenance of a government monopoly in the electronic media, convenient from the point of view of the government, is greatly damaging to society." In a declaration, it emphasized that personnel changes at the television reveal "a tendency to make it partisan."

At the Ministry of Internal Affairs, a 30-person section of studies in the office of the minister has been formed. Its head is Piotr Woyciechowski, an adviser to Minister Macierewicz. GAZETA WYBORCZA writes that according to unconfirmed reports the section is to deal with "checking the materials of the former Security Service, which could cast shadows on individuals currently holding high state positions." [passage omitted]

As announced, the rates for the highway tax, now called the transport tax, were raised. For a small Fiat 126, the tax is Z150,000 annually (in 1991, Z28,800); for vehicles between 900 and 1,300 cm³, the tax is Z276,000 (previously Z59,000); above 2,500 cm³, it is Z3 million. For a motorbike, it is Z30,000 (previously Z8,400); for a motorcycle of average size (50-350 cm³), it is Z102,000 (previously Z18,000). For farm tractors up to 4,000 cm³, it is Z96,000 (Z42,000); for larger engines, it is Z228,000 (previously Z114,000). Motor boats and yachts above 1,000 cm³, Z540,000 (previously Z84,000).

The price of gasoline has increased. A liter of 94 octane costs Z6,500 (previously Z5,100); a liter of diesel fuel, Z4,700 (previously Z3,500).

Customs exemptions for imports of cars and personal possessions for immigrants have been eliminated.

Beginning 16 March 1992 prices for tractors will increase: The cheapest, an Ursus 28-12, in the basic version costs Z58.305 million (previously Z51.5 million), and with full equipment Z64.4 million.

Of the 40,000 residents of Sanok, only 400 participated in a demonstration by NSZZ Solidarity that was to answer the question whether society still believes in Solidarity and whether it is to represent anybody. Ireneusz Zarzycki, the representative of the Sanok Solidarity delegation for the Sub-Carpathian region, told GAZETA WYBORCZA: "The low turnout of the residents for the demonstration leads us to the conclusion that society has lost faith in Solidarity."

ZYCIE WARSZAWY presents and analyzes the issue of corruption and economic affairs on the basis of a February survey by the Public Opinion Research Center. In response to the question "In your opinion, do economic affairs and abuses occur more frequently than before, as often, less often than before?" the distribution of answers was as follows: more frequently, 67 percent; as often, 23 percent; less frequently, four percent. As many as 41 percent of the respondents think that the topic of "abuses and economic affairs is to draw the people's

attention from fundamental issues." Eighty-eight percent thinks that those who commit the more important affairs remain unpunished. [passage omitted]

Jacek Maziarski, one of the leaders of the Center Accord (PC), has been ordered by the Warsaw Voivodship Court to apologize publicly to the Agora partnership that publishes GAZETA WYBORCZA for a false and slanderous claim that the "partnership was formed in 1989 from money earmarked for the entire opposition at the time." The sentence is subject to appeal. J. Maziarski has announced an appeal. [passage omitted]

The readers of TRYBUNA are organizing a shadow cabinet. One of the papers proposals: Wojciech Jaruzelski, prime minister; Tadeusz Mazowiecki, deputy prime minister; Bronislaw Geremek, minister of foreign affairs; Wieslawa Ziolkowska, minister of industry; Aleksander Kwasniewski, minister of labor and social affairs; Ireneusz Sekula, minister of construction; Zofia Kuratowska, minister of health; Adam Michnik, minister of education. Among the humorous proposals: Primate Jozef Glemp, prime minister, "he governs anyway"; J. Kuron for prime minister, "he is the only one who can agree with society"; Field Bishop Gen. S.L. Glodz, "the army's equipment is such that only God can help us." [passage omitted]

Opinions

Jerzy Giedroyc, editor in chief of KULTURA and director of the Literary Institute in Paris:

(Interviewed by Jolanta Kessler-Chojacka, TYGODNIK SOLIDARNOSC 13 March 1992)

[Giedroyc] The constant political presence around the president of Mr. Wachowski and Father Cybula gives the impression of a Rasputiniada. If President Walesa goes officially to the West, Father Cybula goes with him as a member of the delegation. No one is able to understand it. Havel invites Walesa to a restaurant, and next to him sits Father Cybula. What is going on here? I understand Lech Walesa's religious feelings and I respect them greatly, but why can't one have a meeting or a conference with the president without going through the chapel? I consider myself a believing Catholic, but if the president invited me to a conference, demanding prior participation in a mass, I would refuse. Religious issues are my private business and no one can impose such a style which is taken around the world as a symptom of the Dark City.

[passage omitted]

Jacek Maziarski, deputy and activist of the Center Accord:

(Interviewed by Robert Wijas, ZBLIZENIA 12 March 1992)

[Maziarski] If we examine the list of the 100 richest Poles, it turns out that a large number of them are prominent individuals, governing functionaries of the communist apparatus. Simply, at the roundtable, the marriage of the post-Solidarity forces with the postcommunist forces was celebrated, whence such bastards. [passage omitted]

Intelligence Service Director Addresses Deputies*AU1604182592 Bucharest ROMPRES in English
1709 GMT 16 Apr 92*

[Text] Today, April 16, the Chamber of Deputies was addressed, upon his request, by the director general of the Romanian Intelligence Service [SRI], Virgil Magureanu, who wanted to answer Mr. Victor Bostinaru, deputy of Dimbovita (National Salvation Front), who reproached him with having belonged to the former Securitate structures, and with having gone beyond his powers by illegally interfering in political matters that did not fall within his competence. He also maintained the idea that the SRI stimulated "the files war" in various ways.

"As regards the first item, it arouses cheap sensation," said Mr. Magureanu. "I said from the very beginning, before holding this post, that I worked in a synthesis office of the former Foreign Intelligence Department between September 1, 1972 and March 31, 1973 while serving the army. This was the period, proved by acts, when I had a relationship with this body, after which my connection with it definitely stopped. The file which contained references to my short stay in that institution was stolen by Gelu Voican-Voiculescu who, for good reasons, published it the press [as received]. This file as well as other evidence should be subject to an inquiry of the relevant commission that checks the activity of SRI and mine as well. It must be looked into and forwarded to the Parliament because I am the first interested in seeing that no confusion shall exist any longer as far as I am concerned. If, by contrast, there is any proof of my having carried out activities that are incompatible with my status, I will submit you my resignation any time," stated Mr. Magureanu.

As for SRI's involvement in the political game, Mr. Magureanu said: "Our incomplete and, therefore, deficient information at the end of September 1991 was aimed at evincing that any other scenario besides serious economic shortcomings owing to crisis and, maybe involuntarily, to certain mistakes is false. I should like the attendance and public opinion in Romania to consider what I said then and now in light of the report on the last miners' coming to Bucharest. No other document, no other outlook on the then events is, in my opinion, true. It is only the parliamentary commission that can say whether what I said is or is not true, and whether that means a violation of my status. I must note that the so-called report shamelessly read before the Parliament and Romanian public opinion about an alleged putsch in Romania caused deep anxiety, and you know now that military units were falsely put on alert.

"Gentlemen, I cannot say that the Romanian society has no enemies today. I should like to say only a few words about it. It does have enemies. But it is very important for us to know how many they are and whereto they take action. We should not invent them artificially because there will be total confusion then, and in conditions of crisis confusion is dearly paid."

Referring to the third question, Mr. Magureanu said: "The Berevoiesti commission is going soon to present its conclusions. I told this commission there was in Romania a genuine files war, files that are in the SRI's custody, and here I should like to make a digression. In my opinion, an urgent measure must be taken—it is in your custody and must be taken over by the Parliament. I reiterate again my wish that some of them which have no relationship with national security should be made public without delay, more particularly, the files with informers because now there are people who try to introduce themselves as an example of moral conduct, as inquisitors of Romanian society who instruct us whereto we must go and how wrong a way we have taken. Many of them were informers and others would still be today if the former Securitate still existed. To be taught lessons of ethics by such people, gentlemen, is rather dangerous. That is why it is well to know who they are. It is not us who will tell this. You are the ones who will decide how fast this thing shall be made known. The Romanian Intelligence Service has not trained in such malpractice, in an occult handling of files to get I do not know what political advantages. It would have been quite sad. I think it is a gain for us to have taken a moderate stance and to have refrained from such a competition." Reverting to his own file, Mr. Magureanu said: "Anything can virtually be said about anybody if there is no law. I may be compelled to take my case to court because such charges are particularly serious. Tens of thousands of files have been destroyed from December 1989 till the date when we sadly recorded that stupid episode—Berevoiesti. Tens upon thousands of files across the country, about 50,000. Some other thousand were illegally taken and equally illegally kept and used by the ones I have mentioned above who accuse us as if this institution had been created only to be held up to infamy. It is assigned other missions and has a law today."

In conclusion SRI director general said: "You see, much and anything can be written but the question is what advantage can present-day Romanian society take of our maintaining in the press the war of all against all, a war without any principle, a war in which truth plays no part. Why shall we continue such a vendetta? Who is getting anything of it? This is a question, and because I have heard the word 'enemy' in the hall, allow me to say something about the ascent of totalitarianism, including in Romanian society. Gentlemen, from the point of view of propaganda and ideology, the ascent of totalitarianism has constantly had such a scope that darkened the minds of many: To create enemies. Is it not just what we are doing now? Is it not our wish to go back, under the mask of democracy, to a past we consider obsolete? Who is so well placed among our writers today who served the past regime to pose as great inquisitors and creators of enemies in Romanian society?"

After this address, many deputies asked the SRI director general several questions, and requested that a decision should be made even today on the situation discussed.

Slovene-Serbian Trade Continues Despite Blockade

92BA0742B Ljubljana DELO in Slovene 24 Mar 92 p 3

[Article by Tonja Slokar: "Tying the Broken Threads With Serbian Businessmen"—first paragraph is DELO introduction]

[Text] Trade is mostly proceeding according to the system of "cope by yourself"; Slovenia had its best market in Serbia; according to the latest data, there are 686 Slovene enterprises in Serbia, and 141 Serbian ones in Slovenia.

Ljubljana, 23 Mar—In spite of all the official provocations, political measures, and economic blockades by the Serbian side, recently a great deal has been heard unofficially about increasingly more lively trade between the Slovene and Serbian economies. Even some Serbian economists have apparently convinced their government that it is also in its interest to eliminate taxes on Slovene goods, because Serbian export goods are also becoming more expensive because of this. Certainly Slovenia has never responded to Serbia with countermeasures, but our government has also not done enough to help overcome the trade barriers between Serbia and Slovenia. That is why trade is proceeding according to the system of "cope by yourself."

It is not possible to obtain official data, the freshest, anywhere about how Slovenia is trading with the republics of the former Yugoslavia. The latest official data are for the first nine months of last year, and are moreover SDK [Public Auditing Service] data, because payment transactions went through that institution the entire time. After the introduction of our own currency and customs, payment transactions with all the republics halted completely, and trade is proceeding exclusively on the basis of barter transactions, goods for goods, and there is less of it than before. The SDK is now processing data on the total 1991 trade with the other republics, and promises that the initial figures will be known at the beginning of next week.

Even without these data, however, it is already clear that Slovenia had its best market in Serbia and that Serbia was also highly dependent upon Slovene goods. According to data from the end of last year, Slovene enterprises had 2,710 business units south of Kolpa, i.e., representations, shops, enterprises or branches, or even entire factories. Most of them were in Croatia, of course, but that was immediately followed by Serbia, with 561 together with the provinces. Meanwhile, Serbian enterprises had 204 units here. According to the latest Serbian data, on 26 February Serbia had 141 enterprises in Slovenia, and Slovenia had 686 enterprises in Serbia.

Before the well-known Serbian blockade at the end of 1990, Slovenia sold about 35 percent of its goods and services to Serbia, Kosovo, and Vojvodina. Later the proportion declined considerably, to be sure, but for a long

time it was still said that in one way or another from a fourth to a third of the Slovene economy was associated with the Serbian market.

Actually, the series of interventionist measures and blockades directed against the Slovene economy began in Serbia as early as the end of 1989, and continued last year in periodic waves. The best known is the Serbian government's law at the end of 1990, through which it introduced a deposit upon Slovene and Croatian goods, and an additional sales tax. The exceptions applied only to those goods which Serbia needed from somewhere else. More upsetting than this were the confiscations of our firms in Serbia and also in part of Bosnia-Herzegovina in the middle of last year. Serbia adopted a decree which simply demanded that Slovene enterprises be converted into socialized ones, with all the shares of Slovene capital that were there even as of 10 October 1990. Our enterprises would thus lose all control over their own capital. The Slovene Chamber of Commerce realized immediately that Serbia was doing this intentionally with the plan of gaining an advantage for itself before commencing the division of the assets of the former Yugoslavia. According to Branko Tramsek, secretary of the Chamber's service for cooperation with Yugoslavia, it was immediately demanded that the Slovene government not leave the enterprises in the lurch on their own, and instead demand that Serbia revoke those decrees. Serbian-Slovene commercial relations were further complicated by the "Slovingate" financial scandal, in which the Serbian enterprise ABC Coblex was also involved. Specifically, Slovin concluded a contract with that firm on 7 October 1991, according to which it would exchange its dinars for foreign exchange to import goods. Where this money vanished is not known precisely, but the fact is that Slovin and Slovenia never saw anything more of the money that had been ordered or the goods. All that was left was demands that the Slovene government offer the public the promised explanation of this scandal and that it also answer all sorts of other ticklish questions.

In spite of all the Serbian barriers, during this whole time trade with Serbian has not stopped at all. Those enterprises, Slovene or Serbian, which had a mutual interest in uninterrupted trade obviously coped for themselves. Either they bypassed the restrictive regulations, and converted their enterprises in Serbia into joint ones together with domestic enterprises, or else they began to trade with Serbia through their partners abroad. Trade is proceeding in spite of the difficulties with transportation, which is only possible through Hungary, unless someone risks transportation along the Danube highway and the confiscations, including Croatian ones, in those areas. Additional restrictions are the Serbian decree that Slovene goods have to be paid for in convertible currency or goods, that the shippers have to have all the documentation with them, and that an additional 25-percent sales tax has to be paid for Slovene goods. Our drivers do not want to drive there, because they have been threatened with mobilization, and have also experienced various provocations on several occasions.... In

spite of this, enterprises are still cooperating, but it depends on the commercial ties and interests that they have. Trade is proceeding exclusively on the basis of barter arrangements, and there is less of it than before, not least of all because of the Serbian decision on prohibiting strategic materiel, which can include everything from food on. The Slovene Chamber of Commerce also notes that few enterprises have listened to the most euphoric recommendations from Slovene government offices that the economy should write off the Yugoslav market and compensate for it with the West European market.

Businessmen, together with the Chamber, are calling upon the government to be at least bolder in helping them to get out of this mess. And what does the government itself say about this? Slovene Deputy Prime Minister Andrej Ocvirk asserts that there have to be at least two partners for talks. If the other partner, i.e., Serbia, does not want to reach an agreement, then talks between the governments cannot take place. Dr. Ocvirk says that the Serbian economy is cooperating with us normally in spite of this, and that there is already a sort of agreement between us that Serbia will not obstruct economic cooperation with us, and neither will we, until political relations between us are settled. The Serbian announcement about lifting the economic blockade already indicates this, in Ocvirk's opinion. According to him, the fate of the confiscated Slovene enterprises in Serbia will probably be uncertain until the division of assets and the conclusion of an agreement on economic cooperation between Serbia and Slovenia.

Parliament Commission Investigates Nuclear Plant

92BA0742D Ljubljana DELO in Slovene 20 Mar 92 p 2

[Article by Danica Petrovic: "Yugoslavia Wanted To Become a Nuclear Superpower"—first paragraph is DELO introduction]

[Text] Frightening reading about the construction of the Krsko nuclear power plant; the Americans forced our experts to modify their findings.

Ljubljana, 19 Mar—We did not even have any legislation about the construction of the Krsko nuclear plant; the American regulations that we adopted, which in principle were strict enough, were not observed, however. The location for the nuclear plant was selected without any preliminary surveys, and the Americans forced our experts, who had begun to doubt the suitability of Krsko, to modify their findings. The political word had obviously come down even before our experts could breathe their "yes."

The Slovene parliamentary commission that is investigating the circumstances in connection with the construction of the nuclear plant and the consequences of its operation is dealing with truly frightening reading: Documents have come from the archives that say that even before and during the construction, the principles of "domestic production" and "setting a record" were observed more than anything else: The location, construction, and use permits were approved without appropriate conditions, the plans came from the United States directly to the construction site, and the original design, on the basis of which the location permit was issued, was no longer even followed later on.

From the records of the Federal Commission for Nuclear Energy (Belgrade, 1964), one can conclude that Yugoslavia was intending, completely seriously, to become a nuclear superpower: It would produce nuclear technology, fuel, nuclear vessels, and, of course, power plants. The documentation does not indicate where nuclear weapons fit in, but one can sense that such appetites also existed (this was hinted, in response to a question from a reporter, by the commission's chairman, Ivan Tomse, who pointed out the bilateral treaty between Yugoslavia and India that was signed in 1954, and the nuclear explosion that was carried out by India 20 years later).

The nine-member commission, otherwise, has obtained the cooperation of domestic experts, but does not have any financial resources available for its work.

The only undisputed truth about the nuclear plant is that even today we still do not know how (un)safe and how expensive the electricity from the Krsko nuclear plant is.

Minister on New Borders; Ready for UNPROFOR

AU1304153792 Belgrade BORBA in Serbo-Croatian
7 Apr 92 p 10

[Interview with Milan Martić, minister of internal affairs of the Republic of Serbian Krajina, by Srdjan Radulović; place and date not given: "We Will Exchange Drnis for Karlovac"]

[Text] According to the command of the Knin Corps and the Krajina Ministry of Internal Affairs, the first stage of the preparations for the arrival of the UN peace force in the region of the south sector is being successfully completed. This basically involves preparation and organization for the gradual deployment of the planned number of UNPROFOR [UN Protection Force] personnel—2,300 soldiers and 500 policemen. The military and police vanguard, led by the Kenyan General Arap Rob, and the Norwegian Egil Jakobsen, is also taking part in these preparations.

Taking into account the fact that, upon the arrival of the planned contingent of the "blue helmets," and the withdrawal of the army, the Krajina police will play a significant role both as a conventional police force and a defense force if needed, we spoke to Milan Martić, minister of internal affairs of the Republic of Serbian Krajina [RSK], and tried to get some answers to questions that are understandably of the greatest interest to the citizens of Krajina.

Drnis for Karlovac

[Martić] Our view is that the distribution of these forces should be along the present front lines, since that is in accordance with the peace plan, and the protection of the Serbian population. We can say that these will be the borders as they have been established by the liberation war of the Serbian people. There has been some misunderstanding, particularly in connection with the administrative borders of certain municipalities. As we know, the Serbian population left outside these previous municipal borders has decided in a referendum to join the Serbian municipalities, and the then Serbian Autonomous Region of Krajina. Using Gracac as an example, I think we have managed to agree that the borders should not be administrative, but should reach the region of eastern Gospić, which is Serbian, and that the UN forces should cover the area up to that line.

[Radulović] How are you going to solve the question of Croatian towns such as Novigrad and Drnis, that are inside war borders?

[Martić] We will offer those places to the Croatian side in exchange for our, Serbian, places that are now held by them. For example, Drnis for Karlovac, Novigrad for Pakrac or Daruvar. However, the distribution of the peace forces will depend on certain factors, such as the place, the area where military exercises are taking place,

the activities on the borders. In some places their stationing will coincide with the borders, as is the case with the airport Zemunik, near Zadar.

[Radulović] There is fear among the population of Krajina, judging from the example of Knin and surrounding places, and particularly among the people in the areas along the front line, that, once the army has withdrawn, they will not have sufficient protection.

[Martić] I do not see what army is to withdraw from Krajina, since the largest part of the army consisted of these people themselves. Besides, the police force, I am convinced, will be able to defend Krajina at any moment, and, as far as the peace force is concerned, their greatest "weapon" is the authority of the UN. The soldiers who are demobilized will leave their weapons in warehouses, but they will be available to them at any moment should we feel that there is danger. I must say that it is only a handful of people who are spreading this fear. They go around saying that Krajina will be surrendered to Croatia. I would like to ask those people to stop doing that, because I doubt their good intentions.

We Will Stay in Yugoslavia

[Radulović] What if the international community imposes exactly such a political agreement?

[Martić] I do not believe that such an agreement is possible. There will be no return to any kind of Croatia. The SFRY Presidency and the SFRY Assembly have declared us an undeveloped [as published] republic, and stated that we shall remain in Yugoslavia. The fact that the RSK has not been recognized should not be cause for concern, since this is impossible while it is under UN protection. This is Yugoslav territory under UN protection, and federal laws and regulations are in force here.

[Radulović] Lord Carrington's latest statement, in which he supports administrative republican borders, and the events in Bosnia-Herzegovina do not exactly justify your optimism.

[Martić] Our determination to keep this will be crucial. Nobody has the right to question our determination, and, anyway, we have been criticized mostly by various "brokers" and individuals who declare themselves heroes in the press, although their opportunities to prove this were elsewhere.

[Radulović] Information was published recently on a number of criminal charges being brought against persons from the Krajina region, who were either in the Croatian armed forces, or simply did not respond to your call-up papers. They are mostly Croats, so the Croatian media and politicians have been warning their own, and the world public that these people were put under pressure, and prevented from returning.

[Martić] There have been about 20,000 such criminal charges on the whole territory of the RSK. However, these are people who have been directly involved in the

war against us. It would be ridiculous if we were to forgive the enemy who fought against us, and pretend that nothing had happened. Some of those will face charges of war crimes, based on concrete evidence and arguments that we are gathering, or have already in our possession.

We have recently discovered several groups of smugglers, and in Knin alone we confiscated 200 automobiles from war looters. We handed these over to the municipal committee for auction, and I issued an order that no member of the police force could take part in the auction, so nobody can doubt our intentions. I am adamant that no looters, smugglers, or criminals will have our protection.

[Radulovic] There are frequent rumors about allegedly reliable information on criminal acts being committed by people close to the authorities, and even by some who are in power. This is used in various political settlements. Your name is also mentioned in connection with the disappearance of 20 Audi cars.

[Martic] I do not want to name any names until there is proof. And there is proof in some cases. After we have completed the processing of the information, we will make it public. As for the Audi cars, those were cars that belonged to the ministry of internal affairs of Croatia, and they were confiscated when they were transported through Knin. There was pressure to return those cars. The previous government demanded, through the bureau in Belgrade, that they be returned for a certain compensation. I did not agree, and the cars were handed over to the Serbian organs as a gesture of gratitude for the help we received from Serbia. They can do with them whatever they want. There are rumors that I have a flat in Belgrade. The fact is that I have been offered one, but in Knin. I refused it because I am satisfied with the 52-square-meter flat that I got after serving 15 years in the police.

Macedonian President Optimistic About Recognition

92BA0742C Ljubljana DNEVNIK in Slovene
23 Mar 92 p 3

[Article by Peter Kavalir: "Macedonia's Road to Europe"—first paragraph is DNEVNIK introduction]

[Text] "It would have been more sensible if the money for the blue helmets had been invested in the economy of the former Yugoslav republics."

Dobrna, 23 Mar—As we have already reported briefly, Macedonian President Kiro Gligorov was a guest at the Celje reception at the Dobrna Hospital on Friday evening. The reception proceeded with an optimistic tone, which applies both to relations with Greece and with Serbia and Bulgaria.

Regarding the unusual attitude of Bulgaria, which recognizes the Macedonian state but not the people, Kiro

Gligorov said, "It does not bother me; whom one recognizes as a people is everyone's private right. Bulgaria expected, after the model of 'Danke Deutschland,' that we would acknowledge a special status for it. We told them clearly that we would have equal standards for everyone. They still have not given us diplomatic recognition, because they want us to renounce the Macedonian minority in Bulgaria, which is out of the question, of course."

Kiro Gligorov emphasized that they had never had a dispute with the Macedonian Albanians. "The civil constitution was a good basis, although there were many pressures to have Macedonia be a national state." Macedonia otherwise has good relations with Albania, although it is afraid that Albanians might begin to flee to Macedonia because of their difficult situation.

The economic situation is also serious in Macedonia, however. Gligorov does not have any illusions that Macedonians abroad might invest in their homeland out of patriotism. He expects greater interest from foreign capital in general, however. "The capital goes where a profit is promised," he explained. "It is most difficult, because we are blocked in the north and the south. Greek customs officials have even staged a strike on our borders. The EC is helping, although it could have done more, because Greece is a member of it."

Kiro Gligorov favorably viewed the agreements on cooperation with Slovenia. He predicted that an early harvest would come to Slovenia soon with AA [Adria Airlines] cargo flights. "I am convinced that in time, relations among all the former republics will be good. If the EC offered membership to all the republics, that would be a better solution than the blue helmets. The expense for them would have been much more useful if it had been invested in the economy of the new states in the former Yugoslavia."

Here are some answers to questions from visitors.

[Gligorov] We will soon have temporary money. In the long run, we would rather introduce ECU's. By the way, we bought the money for the Macedonian coupons in Radece.

[Question] Today you flew to Gradec, but not to Ljubljana?

[Gligorov] We have an agreement with Belgrade on controlling air space. If I had decided on Ljubljana, they could have closed it. Then I would have to go to Europe through Tirana.

[Question] What about the autonomy of the Macedonian Orthodox Church?

[Gligorov] That will be settled with the recognition of Macedonia.

[Question] What about the Prohor Pcinski monastery?

[Gligorov] It will stay in Serbia, although its native land is the Macedonian Republic.

[Question] What do you think about the parties in Macedonia?

[Gligorov] I am glad that just one did not win. The decisions are thus always a good compromise. (By the way, we also heard that there are more parties in Slovenia than years in Gligorov's age. In May, he will reach three quarters of a century.)

[Question] At the 14th LCY Congress, you were still in favor of Yugoslavia.

[Gligorov] That is true.

[Question] Will you follow the path of South Korea?

[Gligorov] No, there was and still is a totalitarian regime there.

[Question] How big will the Macedonian army be?

[Gligorov] Small. We only need it to protect the borders. The former JA [Yugoslav Army] is a clear proof that a strong army does not turn out well.

Kiro Gligorov, who answered the Slovene questions in Serbo-Croatian, also said that he could read Slovene newspapers without difficulty. In general, he was full of patient optimism. The writer of this report, in this regard, recalled similar receptions in Dobrna, when Alija Izetbegovic, and Generals Kolsek and Tominc, were also optimistic....

Views of Leader of Albanian Party in Macedonia

92BA0712A Skopje NOVA MAKEDONIJA
in Macedonian 13 Mar 92 p 5

[Interview with Dzhemail Idrizi, chairman of the Albanian Democratic Union-Liberal Party, by Jasmina Mironski; place and date not given: "Dialogue Is the Only Solution"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] The future of Albanians in Macedonia is within Macedonia, which is why all disputes must be settled within the system and not outside it. We have no intention of splitting Macedonia. What matters is that the economy is still pushed to the background, which is the reason we are on the verge of poverty.

Another political party has appeared on the Macedonian political scene: the Albanian Democratic Union-Liberal Party. Among other things, its draft program calls for a sovereign and independent Macedonia, equality in all areas of social life, and equality of languages and alphabets and their official and public use in nationally mixed circles. The party also supports the emancipation of women and dialogue as a priority orientation in the resolution of all problems.

We discussed the concept, motivations, and objectives of the party with Dzhemail Idrizi, the party's chairman. He emphasized that, in order not to lose our way in the implementation of democratic gains, there is a need for more political initiatives, so that the best among them may be selected. As to relations and cooperation with other political parties, Idrizi said that the party's objective is not to start by opposing them but to develop a united system for communicating that could be beneficial. The parties that have Albanians as their members will be suitably respected because they have their own views on relevant problems. As to what distinguishes this party from the PDP [Party for Democratic Prosperity] and the NDP [National Democratic Party] is not the objective but how to approach them and the ways and means for their implementation. Idrizi declared most firmly that his party will absolutely not resort to force, meaning physical force, but will try to discuss and resolve problems through dialogue.

[Mironski] What type of Macedonian state does your party favor?

[Idrizi] We favor an independent and sovereign Macedonia, a Macedonia for all citizens. By saying Macedonia for all citizens, I clearly include citizens as individuals and as entities. A contemporary state, in our view, considers all of its citizens as creators of the state, regardless of their specific features. The future of Macedonia as a state is, in our view, a state for the Macedonians, the Albanians, and other citizens, and for anyone who lives in it, because such is the structure of its population.

Furthermore, we are absolutely in favor of a demilitarized Macedonia—I would say even without police—totally free and open, where people listen to one another.

[Mironski] What will your party do to improve interethnic relations in Macedonia, and, in general, how do you view the correlation among the members of the various ethnic groups in the Republic?

[Idrizi] Let us be realistic. We believe that in our party there will be no distinctions made among civil orientations. The liberal definition clearly stipulates that the citizen is the center of social attention and that a party is created, as I said, for his sake. The citizen must be the subject of all social relations, and it is time once and for all to eliminate the inherited conditions from the past and focus our interests on the citizens in order to truly avoid a situation in which one side is constantly demanding something, while the other is in a position to grant it or not. This makes a bad impression and, on the other hand, does not agree with the trend toward becoming part of Europe. Understandably, we cannot eliminate within a short time something that for 50 years has been either suppressed or misrepresented by a system. However, there must be initiatives, and an effort must be made to solve problems according to their significance and existing possibilities.

Several questions are relevant here, one of which is the attitude toward religion, because our party believes that the practice of religion is one of the fundamental rights of the citizen and that Macedonia is a multid denominational country in which two religions are dominant: Orthodox and Islam. We cannot ignore the fact that 50 percent of the citizens practice Islam. In that sense, we need religious instruction, which so far was provided clandestinely and on a primitive basis, and we know that whatever was clandestine and primitive must now be based on a specific program and specific methods in order to be mastered more easily. As to the entire array of questions related to education, culture, science, publishing, information, and so on, let us not have misunderstandings; arguing before reaching agreements must be eliminated once and for all. The educational administration, as I call it, must not determine the language in which instruction will be provided. The system and type of instruction must be determined by existing reality.

I believe that we can find a common language to solve such problems, both because they are topical and because there is no way to eliminate unresolved conflicting situations. Calm cannot prevail without solving problems because uneducated and untrained generations that follow us will not allow us to feel free. It will become easy to steal or to mug someone, and it is we as a society who will be to blame. That is why I believe we must develop a specific attitude concerning the education and training of the young, which would benefit every Macedonian citizen because this is the only way leading to progress.

[Mironski] Your programmatic stipulations call for a market economy and greater cooperation with all Balkan and European countries, but priority is given to Kosovo, Albania, and the Islamic world. Why is this?

[Idrizi] It is no accident that our party, emphasizing economic cooperation, believes that cooperation with Kosovo and Albania has priority. Actually, we must be firm, and we must not be misunderstood because such a priority is based on purely economic reasons, and we believe that Macedonia can cooperate best precisely with Kosovo and Albania. Take as an example the textile and the construction industries in Macedonia, which could meet the needs of Albania, while a great many items Macedonia needs but lacks could be found in those republics, such as nickel, ferronickel, chromium, bitumen, petroleum, and so forth, not to mention the development of tourism and communications. This is an entirely natural orientation, and there is absolutely no reason to believe that we are proceeding from some kind of ethnic motivation.

[Mironski] Of late, the idea of the unification of Albanians or, as some say, unifying all Albanians within a single state, has become particularly topical. What is your view on this matter?

[Idrizi] The future of all Balkan nations lies in openness, in respect for democratic gains, and in cultural integration. The integration of Europe should serve as an example for the integration of the Balkans, and that is the only way we conceive of unification. We recently witnessed the reaction of Greece to eventual recognition of the independence of Macedonia. Personally, I consider this a primitive attitude. I am convinced that the day will come when Macedonia will indeed become part of Europe, but I believe that some internal relations must be settled.

When we emphasize our own interests in some problems, we must also take into consideration the interests of others so that the solutions that are offered will thus be favorable to all. Political items based on narrow parochial or nationalistic interests cannot be of interest to either Macedonia or the other nations.

[Mironski] In that context, what is your view of the January referendum on the territorial and political autonomy of Albanians in western Macedonia?

[Idrizi] To begin with, our party supports any variety of democratic self-determination whose purpose is to express the political will of the citizens. From this viewpoint, the autonomy of Albanians in Macedonia means, according to us, the right of equality, a status of equal constituents in Macedonia, wherever they may live. By saying that we consider Macedonia to be our state, as well, all we demand is equal treatment. We must realize that nationality is not important; what matters is the abilities of the citizens. The major task of the democratic forces in the Macedonian nation is to contribute to the creation of an atmosphere in which Macedonia will be a country for all citizens, the fatherland of all. If this is understood, I believe the problem will be solved, and we will have no intention of splitting Macedonia. Macedonia is so small that if that were to happen nothing would remain. We consider our future here to lie in a long-range agreement and the resolution of all problems. Unfortunately, for the past three years, within the pluralistic movement, the programs of the political parties have essentially remained excessively political. What truly matters, the economy, is still in the background, and we have not taken even a single step forward, which is the reason we are on the verge of poverty. The future of the Albanians in Macedonia is within Macedonia, and we demand that all problems be resolved within the system and not outside it.

Details of Macedonian Budget Published

92BA0747A Skopje NOVA MAKEDONIJA
in Macedonian 24 Mar 92 p 2

[Article by K. Changova: "75.9 Billion Dinars for the Republic's Treasury"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] According to the draft budget, this figure indicates an increase of 12 billion dinars and, compared with last year's budget, an increase in excess of a factor of 7.5.

Both revenue and expenditures will be increased. Most of the money will come from the basic tax and individual income tax.

By the end of March, the members of the Assembly were presented with a most important financial document, without which the state cannot function: the Macedonian budget for 1992. A comparison between the draft budget, which was considered by the middle of January, and the budget currently submitted shows that a great many changes have been made, not only in terms of overall amounts but also of expenditures, most of which have been increased as compared to the figures submitted during the first stage.

It is anticipated that the Macedonian treasury will receive 75.9 billion dinars for the fiscal year, which is 12 billion more than the amount approved in the draft budget (and, compared with last year, when our budget was 10 billion dinars, an increase by a factor of 7.5). This is considered logical, based on public production, which will decline in fact by 8 percent, an increase in personal income of 217.2 percent, and a factor that will be used to stop the enormous growth of inflation, estimated at 270 percent.

Increased Expenditures for Social Activities

Appropriations for social activities will be increased more significantly, as follows: primary education, 3.28 billion dinars; special education, 1.79 billion dinars; child protection, 202 million dinars; science, 308 million dinars; culture, 993 million dinars; physical culture, 137 million dinars; pensions, 417.9 million dinars; and veterans' disability, 120 million dinars. The Republic budget also calls for a rapid increase in funds allocated for the protection of the socially endangered population and for restructuring the economy, increased from 750 million dinars to 1.5 billion dinars; the eventual appropriation for that purpose will be 4 billion dinars.

In accordance with the draft, new objectives have been set for the budget, such as a commitment to build and equip surgery and orthopedic clinics, the national institutes (national history, folklore, Macedonian language, Old Slavic culture, and literature), and financing the municipal units of the Union of Associations of Veterans of the National Liberation War, 29 million dinars; scientific research projects of MANU [Macedonian Academy of Arts and Sciences], 5 million dinars; compensation to laid-off Army personnel, 70 million dinars; funds for training for and participating in the Olympics, 40 million dinars; financing of the MIA [Macedonian Information Agency], 50 million dinars; and financing public communications facilities, 73.5 million dinars, including 20 million for the establishment of an international press center, 1.8 million for the publication of a Macedonian review, and 50 million for expenditures incurred in aiding refugees from other countries.

We should point out that, in the appropriations for the Macedonian Assembly, the following were included: installation of an electronic voting system and air conditioning in parliament, something that was planned even before the establishment of the Assembly and was meant to facilitate the work of specialized services—total: 30 million dinars. A significant increase is also made in funds for individuals incomes and other individual benefits to officials, leading workers, and assemblymen—from 538 million to 857 million dinars.

Most of the Revenue Will Come From Taxes

There will be an exchange rate compensation fund for the purchasing of petroleum, the commitments for which end on 1 June as a result of the changed system for securing the necessary amounts and the end of the commitment concerning the FENI [expansion unknown] projects.

To arrive at the stipulated amount for the Republic's treasury, it is estimated that most of the revenue will come from tax on profits, provided that the first phase of the tax reform in the Republic is implemented this year. This is of particular importance in the functioning of a market-oriented economy. Next will be the individual income tax of employed people, the basic trade tax, the special Republic trade tax, court and administrative fees, customs fees and other import taxes, fines, Republic compensations for prices of petroleum derivatives, NBM [Macedonian National Bank] profits, gambling taxes, and so forth. The largest amount of money anticipated by our financial experts would come from the basic tax, 22.7 billion dinars, and the individual income tax, 20.8 billion dinars.

Expenditures will total 75.8 billion dinars, which means an increase of 33.5 percent, or more than 25 billion dinars, for social activities and other general-purpose use; 31.6 percent, or 24 billion dinars, for aid to the economy; 15.9 percent, or 12 billion dinars, for administrative costs; 5.5 percent, or 4 billion dinars, for noneconomic investments; 8.7 percent, or 6.6 billion dinars, for defense; and 4.8 percent, or 3.67 billion dinars, deposited into the Republic's reserve fund.

Starting today, the draft budget will be discussed by the working bodies of the Assembly. It is most likely that the representatives will object to some items, particularly in the areas of revenues and anticipated funds, as was the case during the preceding stage. This will be primarily due to the fact that, when the draft budget was being discussed, it was stated that there should be no further increases in fiscal or other commitments that burden and exhaust the already exhausted economy. This is confirmed by the huge amounts stipulated in the budget, which benefit a much greater number of recipients. Nonetheless, it remains to be seen how this document will be accepted.

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